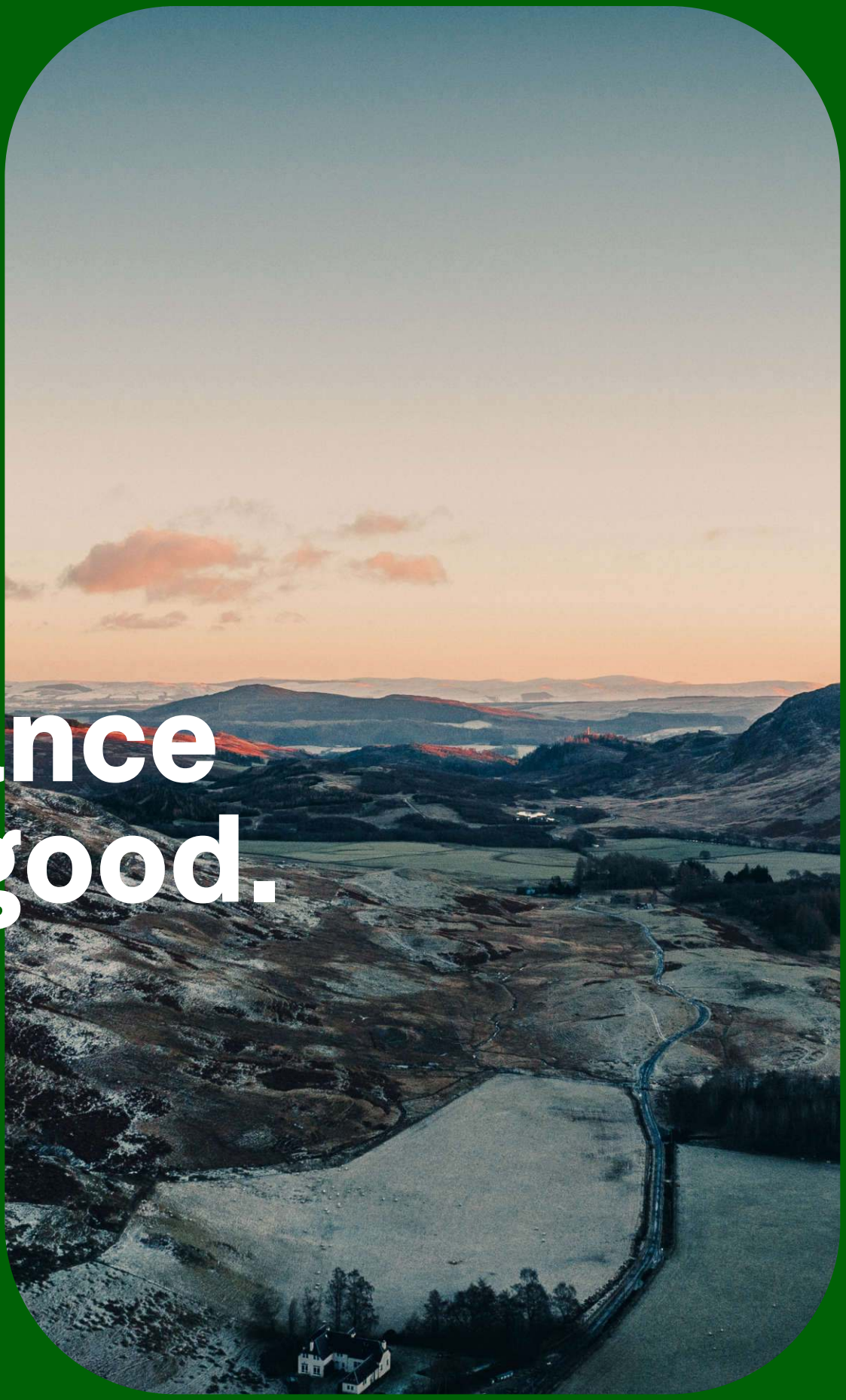
Triodos Bank UK Limited Annual Report 2024



Finance for good.

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Triodos Bank UK Limited

Triodos Bank UK Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England & Wales with company number: 11379025. Triodos Bank UK Limited is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. Financial Services Registration Number: 817008.

Registered office

Triodos Bank Deanery Road, Bristol BS1 5AS
Telephone: 0330 355 0355
Website: www.triodos.co.uk

About our organisation and ownership

Triodos Bank UK Limited was established in 2019 to ensure the continued operation of Triodos Bank in the UK following 24 successful years as an overseas branch of Triodos Bank N.V.

Triodos Bank UK Limited (hereafter 'Triodos Bank UK' or 'the Bank') is a wholly owned subsidiary of Triodos Bank N.V. (incorporated in the Netherlands) and is closely aligned to the existing mission and business strategy of the Triodos Bank Group (hereafter 'Triodos Bank'). Triodos Bank's head office is in Zeist, which is near Utrecht in the Netherlands, and is established according to Dutch law. Triodos Bank is structured and managed in a way that aims to safeguard our principles, values and objectives.

Depository Receipt Holders

Since our creation, Triodos Bank has been an independent bank. To ensure the special character and mission, Triodos Bank remains protected, and Triodos Bank's shares are held in a dedicated Foundation, which issues depository receipts to anyone that wishes to buy them.

SAAT

The Foundation for the Administration of Triodos Bank Shares (SAAT) manages all Triodos Bank N.V.'s shares. To finance the shares, SAAT issues depository receipts. The Board of SAAT, Triodos Bank and its depository receipt holders communicate with, and meet, regularly. This happens informally and formally in meetings like the Annual General Meeting and in meetings for depository receipt holders in the countries where we are active.

Supervisory Board

The Supervisory Board oversees and reviews the activities and decisions of the Triodos Bank Executive Board, the development of Triodos Bank's operations, strategy development and Triodos Bank's overall mission. The Supervisory Board also provides advice and guidance to the Triodos Bank Executive Board. The members of the Supervisory Board are independent; from each other, from Triodos Bank and Triodos Bank UK Executive Boards, and from any other party or interest that might affect the Board's operation.

Triodos Bank Group Executive Board

The Triodos Bank Executive Board is the statutory managing board of Triodos Bank within the meaning of Section 2:129 Dutch Civil Code. Triodos Bank Executive Board is responsible for the general course of business, the general policy and the strategy of Triodos Bank amongst other things.

In fulfilling their tasks, Triodos Bank Executive Board is guided by the interests of Triodos Bank and its business and considers the interests of Triodos Bank's customers and other stakeholders. Triodos Bank Executive Board is accountable to the Supervisory Board. Members of Triodos Bank Executive Board are appointed and reappointed by the Supervisory Board.

Triodos Bank UK Board

The Triodos Bank UK Executive Board is responsible for the general course of business, general policy and the strategy specifically for Triodos Bank UK. The Triodos Bank UK Board and their relevant experiences can be seen on the next page.

Gary Page Chair, Independent Non-Executive Director

Gary became Chair of Triodos Bank UK in January 2019 in preparation for it assuming responsibilities for Triodos Bank's UK activities. Prior to this he was a Member of the Supervisory Board of Triodos Bank N.V., and served on the Audit and Risk Committee, stepping down in May 2019.

Gary's career has been predominantly in the banking industry. After joining Barclays Bank, he held numerous roles over 14 years at ABN AMRO Bank, including Chief Executive Officer of Global Markets and Global Head of Commercial Banking.

Gary has also held positions in the charity and public sectors, including Chair of Trustees for the Hoffmann Foundation for Autism and Non-Executive Director and subsequently Chair of Norfolk and Suffolk NHS Foundation Trust.

Gary's term as Chair of Triodos Bank UK expires in 2028.

Karen Furlong Independent Non-Executive Director

Karen became Independent Non-Executive Director of Triodos Bank UK in August 2020. She is an experienced leader with a track record of success over 30 years. Her speciality is in digital transformation, strategy and change management.

She has significant experience in business transformation and agile delivery and has held various roles in financial services organisations, including board roles within Ireland and the UK. Her professional experience has included working for organisations such as Standard Life, Friends First, Educational Building Society, Cuna Mutual and Allianz Partners as well as NGOs, public sector and central and local government.

Karen is on the board of Progressive Building Society and Chair of AirPOS. She has an INED position with The Personal Injuries Assessment Board (PIAB) in Dublin. Karen has served on the board of the National College of Art and Design (NCAD) and Dublin City University (DCU), as well as Capital Credit Union and Dublin's Education and Training Board (DDETB).

Keith Bevan Independent Non-Executive Director

Keith was appointed Independent Non-Executive Director of Triodos Bank UK in July 2022.

Keith is Vice Chair and Chair of the Audit and Risk Committee of South Lakes Housing Association, an organisation working to help solve some of the housing challenges of the southern Lake District. In 2021, he retired as Chief Risk Officer for Furness Building Society and has over 25 years' previous experience in the life insurance market, with a focus on risk management.

In the last 10 years, Keith has supported a number boards in making financial, risk management and capital management transitions due to regulatory change. He lives in the Lake District, has a keen interest in supporting and improving the natural environment, and is a keen walker and cyclist.

Alessandra Mongiardino Independent Non-Executive Director

Alessandra became an Independent Non-Executive Director of Triodos Bank UK in January 2023. She is an accomplished executive and independent Non-executive Director with almost 30 years of international Risk Management experience, having held senior roles in large financial institutions, including NatWest, Nordea and HSBC. She is an expert in delivering high quality, risk based advice, bringing a strategic and holistic approach to risk management. She holds a PhD in Economics from the University of Warwick and the GARP FRM qualification.

Alessandra is on the board of First Garden Cities Homes, a member of the Financial Services Faculty Board of the Institute of Chartered Accountants in England and Wales (ICAEW) and the former Director of Financial and Strategic Risk at NatWest.

Nigel Morrison Independent Non-Executive Director (From 1 August 2024)

Nigel was appointed Independent Non-Executive Director of Triodos Bank UK in August 2024. He is a qualified accountant and retired as a Partner from Grant Thornton UK LLP at the end of 2023. He brings strategic business experience gained as a Partner, as well as a period as Grant Thornton's Chief Financial Officer. Nigel is a former trustee of Avon Wildlife Trust and currently a non-executive director of Dogs Trust and chair of The Grant Thornton Foundation.

Richard Burrett Independent Non-Executive Director (Until 24 January 2025)

Richard became Independent Non-Executive Director of Triodos Bank UK in January 2019 in preparation for it assuming responsibilities for Triodos Bank's UK activities. Richard has worked in international finance for over 30 years. In his 20 years with ABN AMRO he developed extensive experience of project and structured finance, particularly in the energy and infrastructure sectors.

Richard is Chief Sustainability Officer at Earth Capital, a Fellow of the University of Cambridge Institute for Sustainability Leadership and Senior Adviser to the Earth Security Group.

He is a FMO nominated Non-Executive Board Director of Union Bank of Nigeria and has been Co-Chair of the UNEP Financial Initiative. He is also a Board Member of Forest Trends, a Washington-based not-for-profit organisation focused on market-based approaches to conservation.

Wibout de Klijne Non-Executive Director

Wibout de Klijne was appointed as Non-Executive Director on the Triodos Bank UK Board in April 2022. Wibout is currently Director of Compliance for Triodos Bank N.V.

He joined Triodos in September 2019 after a long career at Rabobank. During his career Wibout has held positions in a number of different areas ranging from risk management and security to compliance in both first and second line. He is a very open and positive person and results driven with a focus on the development of people.

Bevis Watts Executive Director, CEO

Bevis Watts became Executive Director of the board of Triodos Bank UK in May 2018. He moved into his the role of Chief Executive Officer in March 2019 upon transfer of Triodos Bank's UK Branch into its new subsidiary, Triodos Bank UK, in May 2019. Prior to this he was Managing Director of the Triodos Bank UK branch for three years, having previously been Head of Business Banking at Triodos for almost five years (2008-2012).

Bevis has always worked for values-led organisations, and before Triodos was Chief Executive of Avon Wildlife Trust and Head of Business Support at The Waste and Resource Action Programme (WRAP). He has held numerous Directorships and Trusteeships and was a Board member of Bristol 2015, the delivery company for Bristol European Green Capital 2015, inaugural Chair of the West of England Nature Partnership, and he was elected to represent Local Nature Partnerships at a national level on the ESI Funds National Growth Board (2013-2015).

Sian Williams Executive Director, CRO

Sian joined Triodos Bank UK in January 2021 as the Chief Risk Officer. Prior to this, Sian had spent 16 years at Lloyds Bank plc in various senior risk and compliance roles, including four years as Risk Director of the bank's International Wealth business unit.

Sian brings over 20 years' financial risk and regulatory experience, gained working in the private and public sectors, both in the UK and internationally. She holds a Masters in Finance and an Economics degree.

Sarah Ball Executive Director, CFO (From 1 August 2024)

Sarah was appointed Chief Financial Officer of Triodos Bank Ltd in December 2022, having initially joined the bank in May 2021 as a consultant and serving as Interim CFO since July 2022. Prior to this, Sarah spent 12 years at Nationwide Building Society in a variety of senior finance and risk roles, including five years leading the stress testing programme and latterly focused on cost optimisation and culture.

Sarah qualified as an accountant in 2003. Having spent an initial two years in public practice, Sarah was quick to realise her skills and aspirations were to be able to provide a more strategic, commercial and involved role. Sarah brings more than 20 years of experience in accounting, finance and prudential risk, gained from across financial services and travel and tourism sectors.

Company secretary

Tanya Philip	Head of Legal and Company Secretary

Management team

Bevis Watts	Chief Executive Officer	
Sarah Ball	Chief Financial Officer	
Sian Williams	Chief Risk Officer	
Judy Rose	Chief Operating Officer	Until 29 February 2024
Mark Clayton	Chief Operating Officer	From 1 March 2024
Phillip Bate	Director of Business Banking	
Roger Hattam	Director of Retail Banking	
Zoe Ruthven	Director of Marketing & Communications	
Catherine Ridd	Director of Human Resources	
Stefan Hargrave	Director of Internal Audit	
Brendan Donnelly[1]	Director of Springboard Programme	

[1] The Director of Springboard Programme became a co-opted member of the Senior Management Team for the duration of the Springboard Programme

Independent auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol BS2 0FR

Our mission

Triodos Bank makes money work for positive change in society.
We are in business to help create a society that promotes the quality of life of all its members on a thriving planet, with human dignity at its core.

Our core values

- → Freedom
- → Equity
- → Responsibility

Our business principles

- → Respect
- → Integrity
- → Professionalism
- → Inclusivity
- → Transparency
- → Ownership
- → Entrepreneurship

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Chair's Statement

It is my pleasure to introduce the Triodos Bank UK Annual Report and Results for 2024. Having been on the Supervisory Board of Triodos Bank N.V. between 2017-19, I became Chair of Triodos Bank UK in 2019, and it has been a real honour to serve as Chair since then. I have been recently re-appointed for a final term of three years, and I look forward to continuing to serve this incredibly special bank.

Through our activities as a financial institution, we make money work for positive change and promote the conscious use of money. By doing so, we aim to contribute to social renewal based on the principle that every human being can develop themselves in freedom, that they each have equal rights, and all bear responsibility for the consequences of their actions on other people and the Earth. This approach is supported by our business principles, minimum standards, and transparency.

Our model of sustainable banking proves that impact and returns can go hand in hand. Solid financial performance is essential to enable our pursuit of positive impact. Triodos Bank UK is healthy and strong, has solid capital ratios, is growing steadily and has always been profitable. Despite the turbulence in the world around us, ranging from unsettling conflicts to climate related natural disasters and shifting policy agendas, we maintain our course in pursuit of values-based banking, proving that a solid financial performance, good risk management and positive impact can go hand in hand.

Our parent company Triodos Bank N.V. publish a comprehensive Integrated Annual Report (www.annual-report-triodos.com), a point of reference alongside this report and referred throughout as a source for further information. We report financial and non-financial information in one integrated annual report because we are, and always have been, an integrated transparent sustainable business.

In 2024, Triodos Bank UK was navigating another complex and dynamic environment. In another challenging year in the UK economy, we achieved a profit after tax of £5.5m and we exceeded our target on loan origination with £165 million (2023: £106 million) gross new sustainable lending, increasing our impact by financing more pioneers and sustainable organisations. Notwithstanding this new lending, the overall loan book contracted because of unusually high levels of early repayments.

In an extremely competitive UK retail banking landscape, seeing some significant consolidation activity, we achieved growth in our customer numbers and funds entrusted and were voted 'Best Ethical Financial Provider' for the third consecutive year at the British Bank Awards 2024.

We are one of the only few B Corporation banks in the UK and recognised as the UK's No.1 or Best Buy ethical and sustainable bank by Which?, Ethical Consumer and Good with Money, as well as the UK's most trusted bank by Fairer Finance.

Knowing that Triodos Bank is more relevant than ever, our commitment remains the same as it has always been - to use money as a force for good, enabling a prosperous life for people on a thriving planet. Our commitment to these principles and the endorsement of our stakeholders remains untainted and we are making significant strides in strengthening the future resilience of the bank.

During 2024, we announced two new appointments to the Board. Nigel Morrison has joined as a Non-Executive Director, whilst Sarah Ball, Triodos Bank UK's Chief Financial Officer (CFO), joined as an Executive Director. Nigel brings a wealth of strategic business experience gained as a Partner in Grant Thornton UK LLP, including a stint as the firm's Chief Financial Officer and Sarah Ball, who has been Triodos Bank UK's CFO since 2022 and has over 20 years' experience in financial services. Richard Burrett is stepping down after six years on the Board and we thank him for his commitment and support.

Bevis Watts announced in October that he will step down after nearly 10 years as Chief Executive Officer (CEO). Mark Clayton, currently the Chief Operating Officer, will take over in the role from early summer 2025, pending regulatory approval. It was crucial for us to find a new CEO with the right values and passion for sustainable banking, as well as a strong understanding of our customers and the rapidly changing banking landscape. Mark has made a really positive impact since joining in early 2024 and we are confident he is the right person to lead the bank forward and deliver the impact we want to have. On behalf of the Board, our thanks go to Bevis for his contribution over many years and for his commitment supporting the smooth transition to a new CEO. Bevis has made an enormous contribution to the success of Triodos in the UK guiding the Bank through the process of becoming a subsidiary and being a real thought leader in the sustainable banking space in the UK. We wish him well in whatever he chooses to do next.

Looking ahead, our focus is on further optimisation of our operations and deploying our scarce resources on the activities that will enable us to achieve focused growth and the best possible results, both in terms of positive impact and financially. The Bank's capital and liquidity positions continue to be healthy and well above the regulatory minimum requirements.

Over the past two years, Triodos Bank N.V. has made good steps forward in further integrating, harmonising and standardising activities under a new Triodos Operating Model. Building on this, there is an increased focus across all countries on further simplification of activities, digitalisation, and exploration of partnerships. In 2024, it was positive to see that the decision to pursue a listing on Euronext in 2025 was strongly endorsed by Depository Receipt (DR) Holders.

I would like to acknowledge the collective efforts of all our stakeholders, especially our customers, co-workers, and investors. Together we prove that values-based banking does make a tangible difference in the pursuit of positive impact.

Gary Page,

Chair of the Board

Chief Executive Officer Review

To deliver on our mission, we aim to combine positive impact with steady financial results alongside a modest risk profile. 2024 did see some economic recovery following the disruptions of previous years, with a resurgence in consumer spending and a gradual reduction in inflation. However, the Bank of England adopted a more cautious approach to interest rate adjustments than expected and the previous high inflation environment alongside high interest rates presented significant headwinds for some businesses and consumers. These cost pressures remain a feature of the economic environment.

Triodos Bank UK achieved a net profit of £5.5 million (2023: £2.8 million). The increase was driven in part by strong net interest margin and reduced impairment charges against the previous year. However, our cost to income ratio was elevated at 81.5%, against a target of 70%, which was driven by multiple factors on both income and costs.

Despite strong new lending, loan book growth has been challenging amidst early repayments in the high-interest rate environment and our loan portfolio saw a slight contraction year on year (£1,111 million to £1,088 million). The ongoing economic uncertainty continues to make borrowing less attractive. The contraction in our loan portfolio caused net interest income to remain broadly flat compared to 2023. A 3% increase came mainly from liquidity balances and the Bank of England Base Rate remaining high at 5.25% for the majority of the year.

As mentioned, impairments were lower than 2023 but they still remained higher than expected as the Bank of England Base Rate and the wider continuing challenges across the UK economic environment put pressure on some customers' ability to cover debt repayments.

Triodos Bank will continue to work on a sustainable financial return while maintaining a solid equity base, capital ratios and a substantial liquidity surplus. We recognise that this cautious risk strategy does have implications for return on equity.

We made good progress against our strategic priorities. Most importantly, we continue to finance transformation, advocate for system change and strive to be a demonstrably different business. Our lending supports areas such as affordable green homes, community renewable energy and education providers, small businesses and charities – with a focus on our five impact themes of energy, food, resource, societal and wellbeing.

We were named 'Global Good Finance Player of the Year' at the Global Good Awards for our frontrunner role in making positive impact through financing progressive organisations. High-quality nature-based solutions is one such example, providing reliable and effective nature-based carbon removal and storage, and substantial biodiversity and social benefits. We backed the South West's largest new woodland in decades, being established by the charity Avon Needs Trees. The plans include a forest of 100,000 trees and

shrubs and the creation of complementary habitats, including wetlands, miles of hedgerow and species-rich grassland. More detail on this can be seen within the Customer Stories section.

We also completed our first private sector loan linked to Biodiversity Net Gain (BNG) for Nature Impact. And our work with Oxygen Conservation to finance large scale conservation efforts in Scotland won 'ESG Deal of the Year' at the 2024 Insider Southwest Dealmakers Awards.

We also sponsored Sea, Land & City, a new short film focused on nature-based solutions in South-West England. We hope to do much more in this area and have announced a commitment across Europe to provide at least €500 million to the nature-based solutions sector by the end of 2030.

Evolving our products and improving the experience our customers have when they bank with us remains a priority. In 2024 we delivered on some significant projects. We changed payment provider for the Triodos personal current account debit card – moving to Visa to align with Triodos Bank Group – and issued new cards to all account holders. We launched the Triodos Future Generations Fund to UK retail investors and worked on an ongoing programme of digital product enhancements. We have made over 30 changes to our mobile banking app to improve what it can do for customers, with more (including the rollout of chat capability) planned.

I'm delighted that in 2025 we will start to link with popular mobile contactless payment providers for our personal current account. And we will begin accepting applications for new business savings accounts early in the year and accounts for children will soon be available again.

Funds entrusted deposits saw growth year over year (£1,664 million to £1,736 million) showing more customers are trusting us with their funds and moving to sustainable banking options. Our customer numbers continue to grow, increasing by 2%. Our work on customer experience improvements were signalled by a further increase of our Trustpilot score in the year to 4.2 out of 5.

We have responded to the introduction of the FCA's anti-greenwashing rules, effective from 31 May 2024, by looking at our sustainability claims to ensure they are fair, clear and not misleading. In light of Consumer Duty regulation, we have also continued with work on product and value reviews, customer journey mapping, co-worker training, process improvements and policy and procedures refreshes.

We have focused on optimising the organisation through improved governance, simplification and conscious choices and reducing operating expenses where possible. Our Springboard Programme is a strategic initiative (2023 – 2025) that has set out to review our ways of working and ensure that the Bank remains compliant and in-control but does so in an adaptive, robust and cost-effective way.

One off enhancement projects for Springboard and the cards migration project to Visa, as well as some compliance remediation spend associated with the closure of our Personal Current Account overdraft product, elevated our cost base in 2024. It also remained relatively high from wage growth passed on to co-workers.

We continue to lead the way in terms of our ambition to change the financial sector, striving for more sustainability, transparency and diversity in business models. 2024 saw a new UK government in power and the number of businesses who recognise the need to redefine success – embedding positive social and environmental impact alongside their financial bottom line – is growing, but not fast enough. We need to recognise that no business can become sustainable in an unsustainable system, and we look to the new government to create the conditions for change that will enable a fundamental shift to a genuinely sustainable economy.

Triodos Bank UK supported the Climate and Nature Bill, a new framework legislation that will provide a plan to tackle both the climate and nature emergencies.

Our coordinated open letter was signed by more than 70 Bristol-based businesses calling for the local parliamentary candidates to support the bill.

Our strategic focus for 2025 will be on increasing impact through net lending growth and enhanced customer experience, on operational optimisation to secure our financial sustainability and to support continuous investment back into our business to meet the current and future needs of our customers. We continue to evolve as an impact-led bank and will also be focused on our people strategy to enable an inclusive culture where every co-worker can thrive. Cost consciousness and cost management will also be a focus for 2025 and beyond. Impairments remain high from the continued economic pressure in the UK and we are monitoring this closely.

In October 2024, I announced I would step down as Chief Executive Officer in 2025, during my 10th year leading Triodos Bank UK. I'm hugely grateful for the support of our customers and co-workers over this time, and immensely proud of all we have achieved. As we celebrate 30 years of Triodos Bank delivering impact in the UK, it provides a unique moment to both celebrate our heritage and look ahead to the future, with the arrival of a new Chief Executive.

In my time at Triodos, we have undergone an enormous transformation. From being a telephone and internet-based savings bank, we have grown to become a highly rated personal current account and mobile banking provider. We have extended our investments product range and become the first UK bank to launch an investment crowdfunding platform. We have delivered a huge body of communications work advocating for change in the banking sector and continued to be at the forefront of financing pioneers of social and environmental change.

Triodos Bank will continue to stand up for what we believe in. Thank you to all our customers, investors and co-workers for helping us to challenge the established norms in banking and make the ordinary extraordinary.

Bevis Watts

Chief Executive Officer

Business Performance

Triodos Bank is a global pioneer in sustainable banking, using the power of finance to support projects that benefit people and the planet. We believe that banking can be a powerful force for good: serving individuals and communities as well as building a more sustainable society. We support our customers to generate value in a transparent and sustainable way.

Fair review of the business

Triodos Bank UK is a deposits funded lending operation, supporting primarily 'Small to Medium-sized Enterprises' whose objectives are aligned with those of the Bank. Growth over the years has been organic, attracting borrowers and savers with ambitions aligned with the Bank's: to make money work for positive social, environmental and cultural change.

Triodos Bank UK adopts and fully aligns to the mission, purpose and values of Triodos Bank. Triodos Bank believes in the transformative power of money. Through our activities as a financial institution, we make money work for positive change and promote the conscious use of money. By doing so, we aim to contribute to social renewal based on the principle that every human being can develop themselves in freedom, that they each have equal rights, and all bear responsibility for the consequences of their actions on other people and the Earth.

Triodos Bank aims to achieve its mission as a sustainable bank in three ways:

1. As a values-driven service provider;
2. As a relationship bank; and
3. As a frontrunner in responsible banking.

The purpose of Triodos Bank UK is reflected through the strategy, policies and procedures which embed a positive corporate and risk management culture. These values also support the Bank's commitment to ensuring the fair treatment of its customers and ensuring that the products and services provided continue to meet customer demands and needs.

The companies, institutions and projects to whom Triodos Bank UK lends add cultural value, and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

Triodos Bank UK offers the following products and services:

- Savings products and current accounts for customers;
- Loan products to mission-aligned organisations;
- Investment products in the form of impact investment funds; and
- Corporate finance advice to organisations to structure appropriate capital and fund raising, including via a crowdfunding platform.

The current footprint of Triodos Bank UK relative to the size of the UK economy is small, but there is considerable demand for a more conscious and sustainable form of banking in the UK, which delivers benefit for Triodos Bank UK customers, society and the financial system.

Triodos Bank UK's balance sheet is funded by customer deposits and equity and has a loans to funds entrusted (deposits) ratio as at 31 December 2024 of 63% (2023:67%). Customer deposits, combined with capital, including the share capital provided by the parent company, support a healthy liquidity position and a Liquidity Coverage Ratio (LCR) as at 31 December 2024 of 471% (31 December 2023: 421%). Triodos Bank has a relatively simple business model, using the 'real' money provided by our savers and investors to create positive impact through investments and loans in the 'real' economy. This means that Triodos Bank UK have not engaged in the 'money markets' or in wholesale lending to other banks, which involves moving money around in the global financial system, as part of our core strategy.

However, our UK banking licence does require us to demonstrate the financial resilience of our business model and stress-test our ability to variances in liquidity, should this be necessary at any point in the future. It is for this reason that we make small scale money market transactions to test the validity of our recovery plan assumptions. At a Group level, Triodos Bank uses money market transactions where appropriate given the scale and complexity of the business.

Key performance indicators

The key metrics used by the Board and senior management to measure performance are shown below, along with their comparative values at and for the year ended 31 December 2023, 31 December 2022 and 31 December 2021:

Key performance indicator	2024	2023	2022	2021
Loans and advances to customers	£1,088 million	£1,111 million	£1,121 million	£1,132 million
Customer account balances	£1,736 million	£1,664 million	£1,642 million	£1,608 million
Common equity tier 1 ratio	22.1%	22.4%	21.6%	21.2%
Total capital ratio	22.7%	23.0%	22.2%	21.8%
Leverage ratio	11.3%	11.6%	11.7%	9.3%
Liquidity coverage ratio	471%	421%	443%	414%
Operating expenses / total income	81.5%	74.3%	68.5%	72.8%
Return on equity	2.8%	1.4%	4.8%	4.3%
Number of co-workers[1]	352	317	278	231

[1] Aligned with average co-workers disclosed in note 5 of the Notes to the financial statements

Development and performance of the business during the year

During the year Triodos Bank UK made a profit after tax of £5.5 million, which equates to a return on equity of 2.8%. This compares to profit after tax for 2023 of £2.8 million (1.4% return on equity). The key events in the year and the primary drivers of the financial performance are described in more detail below.

Loans and advances to customers
Total loans and advances to customers contracted 2% in the year; from £1,111 million to £1,088 million which is as a result of two main impacts (i) a small number of renewable energy companies using surplus cashflow to pay down debt and (ii) a couple of larger repayments in the healthcare sector predominately due to a sale of the business.

The ongoing economic uncertainty has continued to make borrowing less attractive and origination activity more difficult. The portfolio's contraction is then also as a result of a large write off associated with a longstanding complex default case, where the administration process substantially completed within 2024.

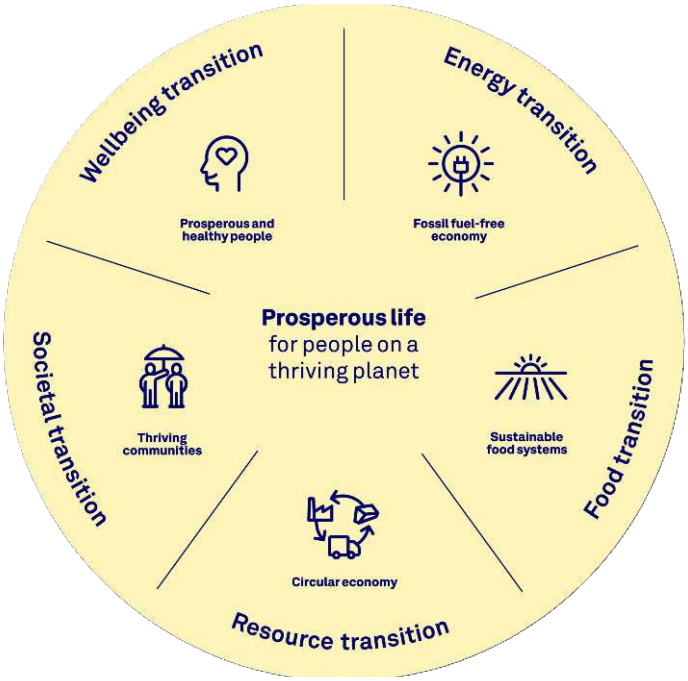
However, our gross new lending during the year was £165 million (2023: £106 million) which is an important indicator of the contribution Triodos Bank UK makes towards a more sustainable economy. All loans and investments made are designed to improve social and environmental sustainability and quality of life at a community level; thereby contributing to delivering Triodos Bank UK's mission.

To make sure that Triodos Bank UK only finances sustainable enterprises, potential borrowers are first assessed on the added value they create, ensuring selected projects meet our positive screening criteria and are above our minimum standards. The risk and return of a prospective loan are then assessed, and a decision made about whether it is a responsible banking option.

Impact themes
Our approach to impact management is centred on our mission and is based on our impact management cycle.

This starts with establishing a clear vision of the impact Triodos Bank wants to make as a financial institution. A strategy has been developed on how to implement this vision from a business perspective. In line with the strategy, we design our activities and products, monitor results and analyse challenges and successes. We evaluate regularly and adapt our strategy and activities based on these findings. This approach applies to our business propositions and product development, as well as to our advocacy activities to improve the whole financial system.

Triodos Bank has identified five interlinked transition themes to reach positive transformation in energy, food, resources, society and wellbeing. Our mission as a financial institution is to enable and accelerate these vital transitions. Internally, Triodos Bank has developed a comprehensive impact strategy so that we share the same vision for the future and maintain sustainability at the centre of our activities.



Fossil fuel-free economy – Energy transition (21% of lending by value; 2023: 21%)
The Energy Transition theme includes renewable energy projects – such as wind and solar power, hydroelectric, heat and cold storage – and energy-saving and storage projects. It also includes environmental technology projects, for instance through recycling companies and optical fibre projects.

Sustainable food systems – Food transition (3% of lending value; 2023: 3%)
The Food Transition theme includes agriculture that is organic or in conversion to organic and includes projects across the entire agricultural value chain in Europe and emerging markets – from farms, processors, wholesale companies and sustainable trade to natural-food shops. We choose to finance organics because it avoids the use of pesticides and chemical fertilisers, has high animal welfare standards and helps revitalise the earth.

Circular economy – Resource transition (5% of lending by value; 2023: 6%)
The Resources Transition theme includes the sustainable property sector where we finance new buildings and renovation projects to reach high sustainability standards, the nature development and forestry sector which is important to remove greenhouse gases from the atmosphere, and the retail, production and professional services sectors that contribute to reduced resource waste or stimulate circular production and consumption and circularity-related services.

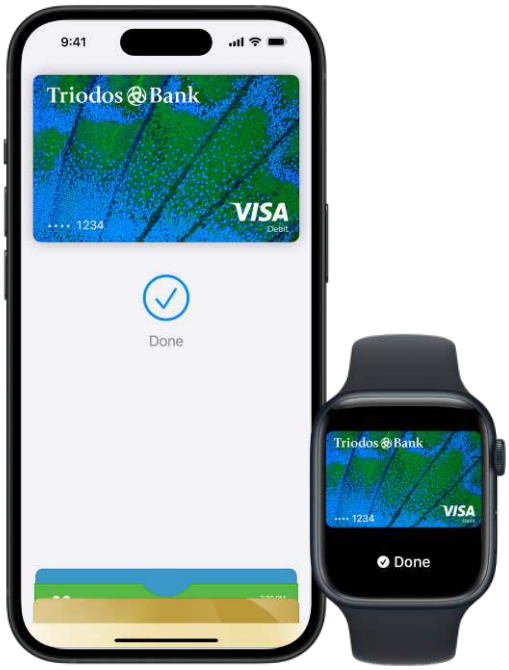
Thriving communities – Societal transition (35% of lending by value, 2023: 35%)
The Societal Transition theme contains loans and funds' investments to businesses and (non-profit) organisations with clear social objectives, such as social housing, community and social-inclusion projects. It also covers the inclusive finance and fair-trade businesses sector and municipality loans without a specific sector classification.

Prosperous and healthy people – Well-being transition (36% of lending by value, 2023: 35%)
The Wellbeing Transition theme covers loans and investments to organisations working in education, childcare, retreat centres, religious groups, recreation, cultural centres and organisations, and artists. It also covers the health and elderly care sector.

Customer accounts
Overall customer numbers in the UK grew by 2% to 91,602 from 89,444 as at 31 December 2023.

Customer accounts include current accounts and variable and fixed term savings accounts for individuals or businesses, the majority of which are small or medium sized. Triodos Bank UK's customer account balances grew 4% in the year from £1,664 million to £1,736 million.

In 2025, the Bank will focus on customer account growth, building on the 30 mobile app developments introduced in 2024, and expanding product enhancements – such as enabling secure payments directly from popular mobile payment devices, to further enhance the digital banking experience.



Net interest income
Net interest income for the year was £55.2 million (2023: £53.6 million). Net interest income remained broadly flat year over year where the Bank of England Base Rate ("BBR") remained stable at 5.25% for the majority of the year, but ended the year at 4.75% and the loan portfolio contracted slightly. Therefore, the slight increase in interest income was driven by gross new lending being originated at higher yields than those being repaid.

From 2023 to 2024, there has also been a significant increase in income from bond investments from £6.3m to £16.0m. The Bank's strategy for High Quality Liquid Asset (HQLA) investment has been focused on interest rate risk mitigation through investment in fixed rate assets to reduce the Bank's exposure to a downward interest rate environment.

Additionally, throughout the year Treasury have also aimed to support the Bank's wider objectives of mission impact and income enhancement. Development bank issued bonds are more targeted to projects aligned to the Bank's strategic mission and this is the reason for the reduction of investments in UK Government issued bonds, although UK Government bonds are still a material holding for the Bank and valued due to their high-quality collateral value.

Net fee and commission income
Net fee and commission income for the year totalled £2.0 million (2023: £2.1million). This is derived from lending, payment transactions, corporate finance, and investment management activities.

Operating expenses
Total operating expenses for the year were £46.7 million (2023: £41.4 million), of which £21.3 million (2023: £18.2[1] million) were co-worker costs. Operating expenses increased year over year due to a combination of headcount increases, increase in salaries and other benefits, the delivery of change initiatives such as the internal 'Springboard' programme and remediation costs associated with the Bank's remediation programme associated with its Personal Current Account ("PCA") overdraft product.

In 2024, intercompany recharges from Triodos Bank inclusive of irrecoverable VAT were £16.0 million (2023: £14.5 million). These recharges cover the costs of general overheads and IT services and development on new enhanced systems, product functionality and digitisation of the operating model.

[1] Prior year figure has been restated based on a remapping to include the offset for intercompany recharges for Triodos Bank UK co-workers seconded to Triodos Bank Group companies, and will reconcile to Note 5 of the Notes to the financial statements.

Triodos Bank UK's cost-to-income ratio remains above the Bank's target of 70%, with a cost-to-income ratio for the year of 81.5% versus 74.3% for the same period in the previous year.

The increase in cost to income ratio is driven by multiple factors on both income and costs. As origination activity has become increasingly difficult in the high-interest rate environment, this has caused a contraction in the loan portfolio, causing net interest income to remain broadly flat compared to 2023.

Cost growth has then outweighed income growth which is driven by an increase in headcount coupled with a pay increase given to co-workers at the start of 2024. There was also spend in 2024 associated with the Bank's Springboard programme which was launched in 2023 to ensure Triodos Bank UK strengthens its regulatory compliance and improves its process efficiency in an adaptive, robust and cost-effective way.

Impairments
For the year ended 31 December 2024, impairment charges for financial assets and off-balance sheet liabilities of £3.7 million were recognised under the expected credit loss (ECL) method required by International Financial Reporting Standard 9 (IFRS 9) compared to £11.4 million in 2023.

In 2024 we've seen an improvement in the credit quality of the loan book through a reduction in non-performing loans, compared to the deterioration we saw throughout 2023. Although the non-performing loans percentage returned to within internal risk appetite by year-end, impairment levels remain above internal risk appetite, with the impairment seen in 2024 mainly driven by increased impairment for one loan customer where the value of the collateral deteriorated throughout the administration process. The administration process is now substantially complete resulting in a large write off in the period and a reduction in the balance sheet provision.

The total ECL provision across loans, bonds and off balance sheet commitments as at 31 December 2024 was £6.2 million versus £9.8 million as at 31 December 2023.

Tax
Triodos Bank UK's tax charge for the year was £1.5 million (2023: £0.1 million) which translates into an effective tax rate of 21.0% (2023: 4.3%). The effective tax rate is lower than would be implied by the current headline tax rate due to lending that qualifies for Community Investment Tax Relief (CITR).

CITR is an incentive that provides tax relief when investing in Community Development Finance Institutions (CDFIs), designed to encourage investment in disadvantaged communities. The impact of CITR on developing communities is substantial, as is it stimulates economic growth, creates job opportunities, and enhances the overall wellbeing of residents. By providing tax incentives, CITR attracts much needed capital to areas facing economic challenges, fostering sustainable development and addressing social inequalities all of which contribute to Triodos Bank UK's mission mainly across the societal and wellbeing impact themes. This not only aids in revitalising local economies but also strengthens social cohesion, empowering communities to thrive in the long run.

CITR has reduced from 2023 to 2024 because the 5 year relief period on a handful of loans to CDFIs ended in 2024.

Triodos Bank UK's effective tax rate excluding CITR was 25.1% (2023: 27.2%) where the reduction year over year is due to tax adjustments in respect of prior years that were processed in 2023.

Profitability
Triodos Bank UK's return on equity for 2024 was 2.8% (2023: 1.4%) where the year over year increase in return on equity was driven by a reduction in impairment charges, where 2023 saw large value impairment levels flowing through the Profit and Loss.

Capital
Triodos Bank UK's regulatory capital consists of Common Equity Tier 1 (CET1) capital, which includes ordinary share capital, retained earnings and reserves after adjustment for intangible assets; and Tier 2 Bonds issued in December 2020. All ordinary share capital is held by Triodos Bank N.V.

Triodos Bank UK's policy is to maintain a sound capital base to provide an adequate buffer in a severe stress scenario and thereby to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on the shareholder's returns is also recognised and Triodos Bank UK maintains a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a stronger capital position.

Triodos Bank UK's approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the capital resources requirement to available capital resources. Triodos Bank UK had a Total Capital Ratio (TCR) requirement from the regulator of 16.3% (2023: 16.3%) at the end of the period.

Triodos Bank UK manages its activities to comply with all externally imposed capital requirements and ended the year with a CET1 ratio of 22.1% (2023: 22.4%) and a total capital ratio of 22.7% (2023: 23.0%).

Liquidity
Triodos Bank UK's lending is funded entirely by customer deposits, equity, and the Tier 2 eligible bonds, resulting in a strong liquidity position. At year end, and at all times throughout the year, Triodos Bank UK was significantly in excess of all liquidity targets and requirements; its Liquidity Coverage Ratio (LCR) at year end was 471% (2023: 421%).

See Note 26 for more information.

Outlook
Triodos Bank UK expects to continue to grow its lending, customer accounts and other income streams with customers that are aligned to the Triodos Bank mission. Careful investment will enable Triodos Bank UK to grow its income streams, alongside careful management of its cost base as well as credit risk management resulting in improved profitability. The detail of strategic initiatives are covered in more detail within the future developments section further below.

Consumer Duty

Our final phase of reviews - for closed products - went live on 31 July 2024 and the regulation remains at the top of their supervision priorities. FCA guidance continues to be issued both in respect of their expectations on duty-specific requirements and in the way it expects firms to be managing the intersects with other areas of their handbook. Triodos has made strides towards meeting the raised standards and the need to introduce outcomes-led thinking. The principle of giving customers the same prominence as other stakeholders has always been a cornerstone of the Bank's mission and has given Triodos a strong foundation to build on. The incidence and risk of customer harm remains low.

There have been numerous initiatives to improve customer outcomes and many more are planned. A concurrent focus has been on the elevated substantiation requirements both regarding the delivery of those outcomes and the firm's level of compliance with consumer duty (PRIN2A) rules. The firm is establishing a monitoring framework to support central coordination, monitoring, and embedment of all related activities. As well as providing coherence, the framework will help Triodos adapt as best-practices continue to emerge across the sector.

Customers

There were 1,328 (2023: 1,205) customer complaints logged in the year, an increase of 10.2% on 2023 some of which related to specific project initiatives such as a change in debit card provider and the removal of our overdraft offering on personal current accounts.

Of these, 37% (2023: 45%) of complaints were upheld. In line with previous years, themes included faster payments, international payments and card payments. There was an increase in the number of complaints upheld relating to debit cards during the migration period to our new card provider.

In terms of complaints handling, 43% of complaints were resolved within 3 working days. Consistent complaint themes analysed related to debit card declines, delayed or held faster payments, and the mobile onboarding and

identification process in line with the transition to a digital operating model. Other broader themes include paper based administrative processes and general customer service.

Since 1980, all shares issued by, and in, Triodos Bank N.V. have been held by the Stichting Administratiekantoor Aandelen Triodos Bank (SAAT) [Foundation for the Administration of Triodos Bank Shares]. This is done to protect the independence, identity and mission of Triodos Bank. SAAT in turn issues Depository Receipts (DRs). Holders benefit from the economic rights associated with the shares of Triodos Bank, such as the right to dividends.

In 2023, Triodos Bank successfully completed the project to list our DRs on a multilateral trading facility (MTF) hosted by Captin. The listing was an important moment for DR Holders and Triodos Bank, as it offered our DR Holders a possibility to trade again after a prolonged period of suspension.

In 2024, 33 complaints were received regarding DRs, primarily related to the price of DRs following the resumption of trade on our MTF provider in August 2023.

Actions to support and mitigate identified issues have been undertaken, with supporting quality assurance activity to ensure fair and prompt customer outcomes. Complaints are reviewed via a monthly complaints forum and a quarterly customer forum with relevant issues identified for change initiatives and escalation to senior management.

Complaints reporting and root cause activity continues to embed the Consumer Duty Principles, with enhanced monthly root cause analysis undertaken and activity to address and mitigate causes.

The volume of complaints in relation to product volumes are aligned to our risk tolerances and are monitored as part of implemented conduct risk Key Risk Indicators (KRIs). These KRIs have also been reviewed and implemented for off sale products in response to the new Consumer Duty regulations.

In 2024, 11 (2023: 16) complaints were referred to the Financial Ombudsman Service (FOS), a decrease of 31% compared to 2023, of which two of the cases resulted in having the decision overturned. Following these decisions, an internal review was undertaken for both cases to embed any lessons learned and strengthen complaint handling processes. This 18% (2023: 6%) FOS overturn rate is lower than industry averages and the overall reduction in FOS complaints provides evidence of Triodos Bank UK's approach to delivering good outcomes for its customers.

Co-workers

The Bank's mission has human dignity and quality of life central to all that we do, and this is integral to how we support our co-workers to achieve success. In 2024, we were named in the Top 25 Inspiring Workplaces in the UK & Ireland, as part of the Inspiring Workplaces awards. Our people strategy is designed to activate our mission, by creating a highly engaged, inclusive and adaptive culture in which our values-led community of co-workers enable each other to be at their best, enabling personal leadership and accountability in all, with a commitment to growth and learning, which enables change.

The redesign of our operating model across Triodos Bank which began in 2022, with the aim of improving ways of working as One Bank and increasing operational effectiveness continued into 2024 and will conclude in the UK in 2025.

In 2024 we focused on further developing the capability of our people leaders launching a flagship leadership programme with Triodos group and focussing on quality conversations between managers and co-workers to drive co-worker engagement and performance. Our co-workers also had the opportunity to take part in our first Identity Week – a moment to explore collectively our mission, the Triodos behaviours and our values of equity, responsibility and freedom. In pursuit of a growth mindset and change-enablement we also implemented a co-worker led change pilot, encouraging co-workers to identify, prioritise and implement changes that will improve ways of working. We continue to embrace flexible and hybrid working, balancing business need with individual preference to enable all co-workers to maintain their wellbeing and be their best at work.

Average number of co-workers during the year was 352 (2023: 317), with voluntary attrition at 13.7%. Overall, the gender ratio is 46% male (2023: 48%), 54% female (2023: 52%). At a senior management level, which includes the Board of Directors, Company Secretary and the Senior Management Team (SMT), the gender ratio is 61% male (2023: 53%), 39% female (2023: 47%).

Equity, Diversity and Inclusion (EDI) is a core part of our mission and we continue to work towards creating a co-worker population representative of the customers and communities we serve, as well as building an inclusive community where co-workers feel they belong.

In 2024 we undertook an EDI data survey. We worked in close collaboration with our partners, Inclusive Employers to support us in both the questions asked and the resultant analysis. The aim of the survey was to gain a more accurate picture of the diverse make up of our co-worker population. We asked all co-workers to complete data about themselves against the nine protected characteristics within the Equality Act (2010). This data was then compared with the Bristol census to identify the most appropriate areas of focus for our EDI work. The data collected suggested that our greatest areas of underrepresentation was within gender, race and socio-economic background. Further analysing the data showed us that we are underrepresented at the higher grades for women and those from a minoritised ethnic group. We have therefore set ourselves clear targets to address this over the coming years. We are aware that to achieve our targets we must take organisational actions within three stages of a co-worker's journey at Triodos, namely recruitment, progression and retention. We were already aware of the uneven distribution of women at the higher grades and hence actions had already started to address this, and these will now expand over the coming months and years.

As stated, Triodos Bank UK benchmarks itself against local (Bristol) data, aiming to attract and recruit individuals from under-represented sectors of the communities in which we operate. In 2024, 22%[1] of job offers were made to candidates from ethnically under-represented groups which is a higher level of minority ethnic representation than exists in Bristol (19%) where the UK Head Office is located. To support Triodos Bank UK in its efforts to be an inclusive employer, we continued our partnership with the social enterprise Babbasa, whose primary aim is to provide employability opportunities for Bristol's youth. We also participated in the EY Foundation's Smart Futures programme, supporting young people from under resourced backgrounds in Bristol to consider a career in banking and finance. The drive to ensure we are fully representative of the local population at all levels of Triodos will continue.

Additionally, Triodos Bank UK measures and monitors its gender pay gap. Our 2023 data, published in March 2024, showed a reduction in both our mean and median pay gaps. Our mean pay gap was 15.9% (down from 16.9% in 2022 and 21.8% in 2021) and our median pay gap was 18.6% (down from 22.5% in 2022 and 24.7% in 2021). Our gender pay gap remains primarily driven by an uneven distribution of men and women across our salary scales. Triodos has a higher proportion of men in the upper and upper middle pay quartiles with more women in the lower pay quartile. Triodos Bank UK ultimately aspires to achieve a 0% pay gap and we continue to work on this ambition through targeted actions and initiatives. These include exploration of job shares for more senior roles, career development support for mid-level female co-workers and manager training on inclusive hiring practices.

Pay ratios (highest to median salaries) for Triodos Bank UK are published as part of the Triodos Bank Integrated Annual Report and in line with an International Remuneration Policy where the 2024 pay ratio (highest to median salary) for Triodos Bank UK was 5.4:1. Triodos Bank does not pay individual bonuses as we do not consider financial incentives an appropriate way to motivate and reward co-workers in a values-based bank. We are an accredited Real Living Wage employer.

In 2024 we continued our signatory status with the Women in Finance and Bristol Women in Business Charters and continued our membership of Women in Banking & Finance (WIBF), actively encouraging our female co-workers to take advantage of the support and development opportunities provided by WIBF, including hosting one in person free event at our Bristol office and one online. We actively participated in a Bristol Women in Business joint project with the

[1] 27% if "prefer not to say" responses are included

University of West of England, looking at understanding intersectionality and the complex experiences of women facing multiple intersections.

With the support of the Triodos Bank Inclusion Forum, we have been able to continue to give focus to key areas of inclusion: Black History Month, mental health awareness, menopause awareness, and neurodiversity.

We also continued our focus on ensuring that all co-workers have the necessary knowledge and awareness to support our EDI vision. During the year, all co-workers undertook training on ensuring dignity at work and a consistent understanding as to what equity and inclusion mean for our organisation.

Triodos Bank UK's EDI strategy will continue to evolve in 2025 and beyond in line with our mission and values, as well as UK regulatory expectations. A key focus will be on data collection in order to enable us to set targets and track our progress.

Avon Needs Trees: Bringing nature back to life by restoring and rewilding woodlands

Customer Success Stories

On a mission to bring back the UK's natural habitats, a Bristol-based charity, Avon Needs Trees, is using its newly acquired 422 acres to create the largest new woodland in the South West.

The project was formed with the hope to transform the landscape, boost local biodiversity, fight climate change, and bring benefits for the community.

The Lower Chew Forest will be home to 100,000 trees and shrubs, new wetlands, miles of hedgerows, and species-rich grassland. It is a continuously growing habitat that will be a sanctuary for local wildlife, promoting biodiversity and creating a natural paradise.

The forest will help tackle climate change by absorbing carbon dioxide from the atmosphere and will also reduce flooding risks in nearby villages and towns like Keynsham. The forest will offer spaces for regenerative food production, agroforestry and community activities where people can volunteer, learn, and connect with nature.

Triodos has always aimed not only to combat biodiversity loss but also to proactively contribute to the growth of natural habitats before irreversible losses occur.

Why nature restoration matters

Restoring nature is important for many reasons. It helps combat climate change by absorbing carbon dioxide, supports wildlife by providing habitats and offers many benefits to human communities, including flood management, cleaner air and water, and recreational spaces that boost physical and mental well-being.

Dave Wood, CEO of Avon Needs Trees, added:"The Lower Chew Forest will have huge significance to our region, particularly as we have just 7.8% woodland cover in the West of England, which is critically low compared to 13.3% average across the whole of the UK. Our plans will bring a huge range of benefits to nature and our communities,

including helping to tackle the climate emergency, improving biodiversity connectivity and providing a place for people to volunteer, learn and connect with nature."

Since 2019, Avon Needs Trees has planted over 35,000 native trees in Somerset and Wiltshire. Their goal is to create woodlands that last for generations, acting as vital carbon sinks, enhancing local biodiversity, and offering natural flood management solutions.The creation of Lower Chew Forest is a major step forward for nature restoration. It shows how innovative financial models and strong collaboration can lead to significant environmental benefits. The forest is set to become a cornerstone of biodiversity, climate resilience, and community engagement, hopefully inspiring similar projects across the South West and beyond.

"As firm advocates of the critical role the financial system has to play in supporting nature and reversing biodiversity loss, we're proud to support what is arguably the most extensive charity-driven Biodiversity Net Gain initiative in the UK to date and hope this inspires other projects on this scale in the South West and beyond."

Climate Change

Triodos Bank sets out the specifics of its climate change ambitions in the Triodos Bank Integrated Annual Report. To outline how this is applied at Triodos Bank UK, we have expanded further in this section. Additionally, Triodos Bank UK is addressing the regulatory requirements from the PRA SS3/19 and has chosen to report annual progress in line with the four pillars of the Task Force on Climate-Related Financial Disclosures (TCFD):

- Governance
- Strategy
- Risk Management
- Metrics and Targets

For future reporting, we will assess our climate-related disclosures in the context of the UK government's plans to create a framework for UK Sustainability Reporting Standards (UK SRS) in line with the global reporting baseline of IFRS Sustainability Disclosure Standards. Once this work by HM Treasury is complete, the Financial Conduct Authority (FCA) will apply UK SRS to introduce for reporting sustainability-related information.

TCFD Summary

Below is a summary of our progress and achievements in 2024 and our future plans.

TCFD Objectives	2024 Progress & Ongoing work	2025 Future Plans
Governance - Disclose the Organisation's governance around climate-related risks and opportunities.		
a) Describe the Board's oversight of climate-related risks and opportunities.	• Board is responsible for the UK strategy which outlines our climate and nature sustainability ambitions. • Board Risk Committee (BRC) is responsible for oversight of the effective management of financial risks from climate change. This is supported by a Board Risk Appetite Statement for Climate Risk.	• Enhance risk appetite limits over time at an individual and portfolio level using insight from the new collateral level climate risk management solution (Climate X). • As more data becomes available across the industry, replace qualitative assessments with data quantification methods where possible to increase tangible risk appetite measures.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	• The CEO holds SMF responsibility. • Roles and responsibilities are embedded within the Senior Management Team profiles. • The Executive Risk Committee (ERC) and its sub-committees provide oversight of climate risk.	• Group ESG Risk Committee to provide dedicated space for the oversight of climate risk. • Clarifying responsibilities into the remits of wider Management Teams. • Continual assessment of training and skills requirements.
Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.		

TCFD Objectives	2024 Progress & Ongoing work	2025 Future Plans
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	• Our business strategy focuses on three key pillars of investing in renewable energy, real emission reduction of our portfolio and investing in nature. As a result, our transition risk starts from a low basis. • Full list of possible physical and transition risks applicable to our business lending portfolio using frequency/impact matrix.	• Continued enhancement of risk identification and understanding through use of externally provided data on physical risks in our Climate X tool. • Continue to be an active member of national and international organisations that advocate and are involved in the design of climate-related assessment and best practice.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	• The Expected Credit Loss (ECL) model includes an assessment for physical risk using the Climate X tool. • Climate risk can be considered non-material to the current timelines used by Triodos strategic planning.	• Our strategy will remain focused on excluding major climate change contributing industries from our financial lending – and showcasing that sustainable banking is possible. As a result, our transition risk will remain low.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	• The Climate X tool uses multiple emissions pathways (Representative Concentration Pathways (RCP), Shared Socioeconomic Pathways (SSP), Coupled Project Intercomparison Models (CMIP)) to determine probability and value outcomes under long term pathways.	• Mature use of the new Climate X tool and the insights it can provide to understand the resilience and key risks of TBUK's strategy to climate risk.

TCFD Objectives	2024 Progress & Ongoing work	Future Plans
Risk Management - Disclose how the organisation identifies, assesses and manages climate-related risk.		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	• Use of flood risk data at collateral level to determine loan portfolio risks - Modelled emissions data using PCAF methodology. • Annual refresh of the Triodos Bank UK Materiality assessment to identify physical and transition risk exposures. • Climate Risk Appetite Statement identifies acceptable exposure to risk and related key risk indicators. • Customer management processes embedded within the responsibilities of Business Lending. • Vendor management processes embedded within the responsibilities of Procurement.	• Introduction of Climate X risk tool into customer lifecycle to identify physical risks as part of lending process. • Further roll out of training on climate risk so that active predictive data can be recorded at the point of customer/ supplier engagement. • A new partnership with Climate X advanced analytics platforms will be integrated into Triodos Bank's risk management lending processes.
b) Describe the organisation's processes for managing climate-related risks.	• Designed Risk Appetite Statement which will be used for reporting on climate-related risks to board and management. • Embedded climate-related risk into overall risk management framework and Corporate Lending Handbook.	• Continue reporting on Risk Appetite Statement. • Planning further incorporation of climate considerations in Management Team's responsibilities/roles and potentially expand into additional committees.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• Embedded climate-related risk processes into overall risk management framework and Corporate Lending Handbook. • Embedded climate risk within ICAAP, ILAAP and other stress testing scenario analysis.	• Introduction of an ESG Risk Committee to co-ordinate the monitoring and management of risks arising through changes to policy and appetite.
Metrics and Targets - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities where such information is material.	• Updated metrics to track key physical and transition risks.	• Build out third party data through Climate X tool, test customer understanding and validate findings. • Continue to develop and enhance metrics used to measure portfolio level risk.

TCFD Objectives	2024 Progress & Ongoing work	Future Plans
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 Greenhouse Gas (GHG) emissions and related risks.	• Business Loan portfolio emissions reported using PCAF methodology. • Monitor emissions from own operations, including co-worker travel data.	• Validate emissions data provided by customers in comparison to PCAF calculations in order to enhance the data quality score of financed emissions. Collaborate with customers on how to mitigate emissions. • Enhance data on suppliers and how Scope 3 information is collected and calculated.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• Triodos Bank Net Zero ambitions published in 2021. • Near-term emissions reduction targets are validated by SBTi as being science-based and are in line with the Paris Agreement to limit global warming to at most 1.5 degrees.	• Adjust Net Zero ambitions in reaction to 'neutralisation' limits and re-affirm our climate strategy in response.

Governance

The Senior Management Function for SS 3/19 compliance is fulfilled by the CEO with responsibility for day to day management and continued improvement to meet evolving regulations delegated to the CFO.

During 2024 Triodos Bank UK embedded its remaining development requirements within the Group ESG Programme. The Group ESG Programme scope is to meet compliance requirements across EU and UK regulations; primarily ECB guide on climate-related and environmental risks (ESG Risk), Corporate Sustainability Reporting Directive (CSRD) and UK SS 3/19 Financial Risks from Climate Change. These 3 regulations are distinct but require an integrated approach to data, processes and tools to enable effective business compliance.

Responsibilities for monitoring, measuring and mitigating climate risk are allocated through the corporate governance structure as follows:

Committee	Roles and Responsibilities
Board	Accountable for business strategy, including incorporation of climate risks and opportunities, to ensure that Triodos Bank UK has an effective and risk-managed strategy.
Board Risk Committee	Provides oversight of the executive directors to ensure Triodos Bank UK meets its regulatory obligations under SS 3/19 and appropriately manages financial risk.
Credit Committee	Manage climate change risks identified in the Business Banking Loan portfolio through identification and management against risk appetite limits for physical and transition risks.
Operational Risk Committee	Manage climate change risks identified in the value chain from suppliers by identification and management against risk appetite within the on-boarding/renewal processes.
Assets and Liabilities Committee	Ensure understanding of Bank's exposure to climate related risks is incorporated in capital, liquidity and market risks through effective use of scenario analysis modelling for physical and transition risks.

Responsibilities for monitoring, measuring and mitigating climate risk are allocated through individual role responsibilities as follows:

Role	Roles and Responsibilities
CEO	SMF holder
CFO	Overall co-ordination of activities enterprise-wide. Management of scenario analysis, disclosures, expected credit loss modelling and accounting standards compliance. Responsible for risk identification, monitoring and management within the Treasury portfolio.
CRO	Oversight of climate risk within overall risk management framework, loan portfolio risk management, ILAAP, ICAAP and lending customer lifecycle.
Director of Business Banking	Responsible for embedding climate risk identification, monitoring and management within the credit lifecycle to provide awareness and support changes to lending policy / strategy as required to ensure adequate data collection, support for customers in identifying their risks and provision of appropriate risk quantification on the loan portfolio.
COO	Responsible for embedding climate risk identification, monitoring and management within the vendor management policy and ensuring effective delivery of data from customers, suppliers and other third-parties.

Strategy

Triodos Bank is a global pioneer in sustainable banking, using the power of finance to support projects that benefit people and the planet. We believe that banking can be a powerful force for good: serving individuals and communities as well as building a more sustainable society. We support our customers to generate value in a transparent and sustainable way. Our strategy is directly supportive of the transition to a world where we live in harmony with climate and nature, as a result we find we are less exposed to certain transition risks.

Detailed information on the climate-related risks and opportunities of the organisation's strategy can be found in the 'Our climate and nature impact' chapter of the Triodos Bank Integrated Annual Report. Triodos Bank UK is aligned with this strategy and focused on the three key pillars as outlined below.

i. Investing in renewable energy
Triodos Bank UK is committed to contributing towards the decarbonisation of the economy. To achieve this, the Bank has provided significant lending and other services to companies that operate in solar, wind and hydro energy as well as innovative technology companies installing battery storage and developing Electric Vehicle transportation. Triodos Bank UK takes a proactive stance in seeking out energy solutions in technologies that are relatively new, at times combining different financial instruments to make this possible. We believe it is important to take a holistic approach, such as considering the social impact of a community-based project.

Customer Example: Solar for Schools is a UK community benefit society (CBS) that installs solar panels on school roofs across the UK and abroad. By doing this, the organisation enables schools to reduce their energy costs, to decrease CO_2 emissions, and supports local authorities to progress towards their net zero targets. Solar for Schools currently owns and operates over 150 rooftop installations and has over 100 schools on its waiting list. In 2024, Triodos Bank UK provided a loan to help them grow their network of solar-powered schools.

ii. Real emission reduction of our portfolio

Engagement with our customers and our community remains a key point to Triodos Bank UK's holistic approach to the challenges faced. We request Net Zero transition plans from new customers and require new developments to be of the highest standard (or net zero ready) to limit the necessity to retrofit properties built today that are not fit for purpose.

Customer Example: The challenge of emission reduction is particularly pronounced for SMEs. Independent care home operator, Curo Care Group, offers key palliative, residential and respite care in Stockport and Cumbria. Triodos Bank UK has provided the finance to purchase new care homes as it expands its provision across the North of England. With the support of Triodos Bank UK they are making efforts to prioritise environmental responsibility and working towards improving the EPC ratings of the homes.

iii Investing in nature

Our Nature-based Solutions (NbS) financing not only provides carbon removal and storage, but also delivers substantial biodiversity and social benefits. In 2024, we announced a Group-wide target to finance Euro 500 million in nature-based solutions by the end of 2030. We also played an important role in developing new business models together with environmental organisations. In addition, we have implemented a comprehensive nature-based solutions strategy.

One of the positive impacts of NbS is the carbon sequestered. We are expanding opportunities for new natural capital, nature-focused finance and regenerative organic agriculture, which help sequester carbon and support biodiversity.

Customer Example: In 2024, Triodos Bank UK provided a 3.8-million-pound loan to Avon Needs Trees. A new 422-acre site will be used to establish the largest new woodland in the South West of England. Also in 2024, Triodos Bank UK announced its first private sector loan based on Biodiversity Net Gain (BNG) unit model.

Memberships and affiliations
Triodos Bank UK is an active member of various external organisations that advocate and are involved in the design of climate-related policy and best practice. Also, as part of Triodos Bank, Triodos Bank UK is a member of wider international initiatives. Though not listed here, the bank also supports the work of various other campaign groups and alliances all listed on the Triodos Bank UK website.

Organisation	Description
Aldersgate Group	A politically impartial, multi-stakeholder alliance championing a competitive and environmentally sustainable economy.
Bankers for Net Zero (B4NZ)	Launched in 2019 to gain input from the business, finance, political and regulatory communities. In 2024, Triodos Bank supported Perseus, a national programme working to automate sustainability reporting for SME's in the UK.
Fossil Fuel Non-Proliferation Treaty Initiative	In 2023 Triodos Bank became the first bank globally to support this global effort to foster international cooperation to accelerate a transition to clean energy for everyone, end the expansion of coal, oil and gas, and equitably phase out existing production.
Global Alliance for Banking on Values	Triodos Bank is a founding member of the alliance established in 2009, a network of banking leaders from around the world committed to advancing positive change in the banking sector.
Partnership for Carbon Accounting Financials (PCAF)	In 2015 eleven Dutch financial institutions joined forces to improve carbon accounting through PCAF. It is now a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.
Net Zero Banking Alliance (NZBA)	An industry-led and UN-convened group of global banks committed to financing ambitious climate action to transition the real economy to net-zero GHG emissions by 2050.

Climate related risks
Climate change and environmental degradation are sources of structural change that affect quality of life and economic activity as well as the financial system. Environmental and climatic factors can be divided into two distinct categories:

- Physical: The physical environmental factors refer to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate. The physical driver is categorised as 'acute' when it arises from extreme events or 'chronic' when it arises from progressive shifts.
- Transitional: The transitional factors refer to the possible financial impact that may result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy.

Triodos Bank employs strict criteria to ensure the sustainability of products and services. It employs both positive criteria, to ensure it is actively making a positive contribution to society, and negative criteria for the exclusion of potentially harmful activities. The negative criteria exclude loans and investments in sectors or activities that are damaging to society and the environment. These criteria have been in place throughout the bank's history, are reviewed annually and ensured we have never loaned money to sectors widely recognised as having significant transition risk such as fossil fuels, automotive, aviation and mining. The positive criteria identify businesses that operate in line with the Bank's mission and encourage their contributions to a sustainable society.

Triodos Bank materiality assessment refers to the possible impact on the Expected Credit Loss of our loan customers and its own operations by cross-referencing frequency and impact as follows:

Climate risk factor	Driver	Relevance
Physical Risk(Acute)	Riverine and floods	Medium
	Wildfire	Low
	Heat waves	Low
	Heavy precipitation (rain, hail, snow/ice)	Low
	Cyclone, hurricane, typhoon, storm (including blizzards, dust and sandstorms) and tornado	Low
	Landslides and mudslides	Low
	Coldwaves	Low
Physical Risk (Chronic)	Seal level rise	Low
	Changing temperature	Low
	(Periods of) Drought	Low
	Changing of precipitation patterns and types (rain, hail, snow/ice)	Low
	Changing patterns and lack of sunshine and wind	Low
	Coastal erosion	Low
	Land degradation, desertification, soil sealing	Low
	Permafrost thawing	Low
Transition Risk	Carbon pricing and taxation	Low
	Energy efficiency requirements	Medium

Climate risk factor	Driver	Relevance
	ESG regulations, policies and laws (excl. Carbon pricing and taxation and energy efficiency requirements)	Low
	Litigation risk	Low
	Reputational risk	Low
	Change in behaviour of consumers, investors and suppliers	Low
	Technology risk	Low

Scenario Analysis
In modelling the impact of climate-related risks, Triodos Bank UK reviewed the scenarios provided by the Intergovernmental Panel on Climate Change (IPCC) in its Fifth Assessment Report. Each scenario has a different Representation Concentration Pathway (RCP) where its projections combine the impacts of population size, economic activity, energy use and climate policy on levels of GHG emissions.

By building these pathways into our scenario analysis model, Triodos Bank UK is comfortable that it is in line with market practice and that they provide appropriate comparisons of mitigating actions paths. It is noted that this is a highly complex area where there is a significant amount of uncertainty, and the time horizons extend outside of our typical business planning cycle.

In 2024, we continued to use our Scenario Analysis model. It focuses on physical risk and has modelled potential losses from extreme weather events; incorporating flood, heatwaves/drought and storms. In its Scenario Analysis Model estimating the impact of financial loss driven by severe climate events, Triodos Bank UK has continued to use a Monte Carlo Simulation - multiple probability simulations used to assess the impact of risk in real-life scenarios.

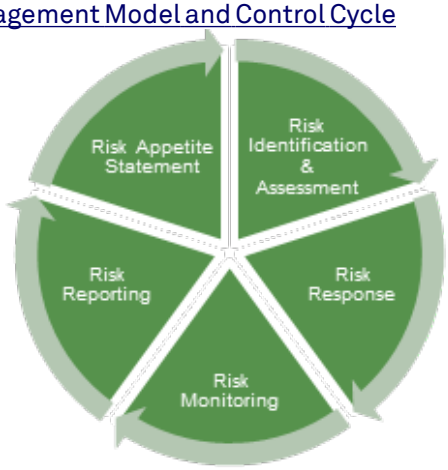
The approach taken by Triodos Bank UK was to provide each physical event with a GBP impact given the event occurring and a probability. These inputs are then scaled as part of the sensitivity analysis, dependent on RCP Pathway using either the third-party data or the Met Office Extreme Event Reports.

Risk management

Our ESG risk management framework is designed to ensure the effective management of ESG risks, to support the realisation of our purpose and strategy and comply with the relevant ESG-related regulation.

Triodos Bank UK assesses the impact, risk and return of its business decisions in line with its mission and Risk Appetite Statement. Our minimum standards set out the absolute minimum requirements that Triodos Bank UK applies to banking and investment activities. In day-to-day decision-making, Triodos Bank UK is guided by its business principles. All sustainability criteria referred to in this section can be found on the Bank's website. Lending criteria and minimum standards are also available on our website.

Risk Management Model and Control Cycle



To incorporate climate related risk, Triodos Bank UK has used the risk management model and control cycle. A brief explanation of each stage is provided.

Risk universe, identification and assessment
The Bank reviews external developments such as laws, regulations, Dear CEO letters and the alignment with the TCFD framework.

Triodos Bank UK has used a Materiality Assessment to categorise a risk under a Primary Risk Type and assign a level of impact: Low, Medium and High (Material). To identify and assess the risk to the Triodos Bank UK business, the following steps were followed:

- Triodos Bank materiality assessments assessed the physical and transition risks to the Business Banking Loan Portfolio using a mix of data and qualitative considerations. Further detail is in the Metrics and Targets section below.
- Calculated sector level emissions (using PCAF methodology) to identify Triodos Bank UK's highest exposures – these continue to be in the social housing and healthcare portfolios.
- Engagement with Climate X risk data solutions to provide collateral level insight into physical risks from a range of events; for example flooding, drought, heatwave, storm.
- Scenario Analysis model to understand the potential future impact of physical risk on the Bank and how that may differ from today's risks.

In early 2025 the new partnership with Climate X's advanced analytics platforms will be integrated into Triodos Bank's risk management processes providing greater access to quantitative data to support in the identification and assessment of risk. This integration will enable the bank to meet compliance requirements while also providing its SME clients with tailored insights into climate risk exposure.

Risk response
Triodos Bank UK assesses the identified risks against the Bank's business strategy, mission and values and considers its response against its Climate Risk Appetite. Further maturation of the risk appetite, in particular expanding into new physical risks assessed by the Climate X solution and considering risk beyond lending customers is required to provide a fully comprehensive suite of risk management indicators.

After assessing a risk, our response will be either to mitigate, transfer, accept or avoid. To a certain extent, our mission as a sustainable bank has mitigated some of the risk in that we have a different starting position from competitors.

Risk monitoring
This involves both the First Line and Second Line evaluating Risk Management Information (MI), ensuring appropriate quality assurance and controls and providing feedback. Currently there is ongoing work to embed ESG and climate into the credit lifecycle of our customers. Another tool available to consider the risk to Triodos Bank UK is reviewing the results of the Scenario Analysis Model and identifying other actions to manage these risks. The outputs of this model are reflected in the methodology of our 2024 ICAAP documentation.

After the 2024 engagement strategy of contacting a sample of our indicated highest risk customers, we received confirmation our third-party data aligned with customer perception of risk. Therefore, it can be assumed risk is most likely to come from future lending, so providing accurate predictive data at point of engagement is a primary focus for 2025.

Risk reporting
This stage involves the collation and analysis of the Risk MI with objective information (facts and circumstances) and subjective interpretation from the Management Team. Regular reporting of consolidated climate risk remains under development, ad-hoc reports have been provided to Management and Board during 2024. This is a key deliverable for 2025 from the ESG Programme.

Risk appetite statement
Triodos Bank UK has defined Risk Appetite as the aggregate level and types of risk it is willing to assume within its currently available risk capacity to achieve its strategic objectives and business plan.

Climate Risk has a separate Risk Appetite Statement, although it is not classified as a Primary Risk, it is a cross-cutting risk that requires thoughtful monitoring for its impact across the businesses primary risks.

The statement identifies Climate Risk as Moderate, recognising that Triodos Bank UK may need to accept a moderate level of risk to support the climate and nature transition required for its own emissions and its clients, suppliers and other third-party providers.

The statement has identified key risk indicators required to monitor against this risk appetite, regular and reliable production of this data is a key development area for 2025.

Three lines model
Triodos Bank UK operates a Three Lines Model (3 Lines) which segregates duties, thus providing clarity to the different functions.

Lines of Defence	Climate Related Remit
First Line (Business Areas)	• Owns and manages climate related risks in relation to both customers and suppliers • Assesses the impact of climate related risk on liquidity and capital requirements • Maintains models which capture climate-related risk (Scenario Analysis) and incorporates into ICAAP/ILAAP • Ensures data quality and delivery/production of management information
Second Line (Risk & Compliance Function)	• Oversight and challenge of the management of climate related risk • Monitoring and reporting on climate-related risk to Board based on information provided by the First Line
Third Line (Internal Audit)	• Independent assurance of project delivery of embedding risks into processes and development of reporting • Supplemented by external assurance reviews of emission calculations

Metrics and targets

Our Targets
Triodos Bank UK aligns with the metrics and targets of Triodos Bank, which has strengthened its emission reduction targets and action plan: by 2030, we aim to reduce our emissions by at least 42%, instead of the previously announced 32%. However, in 2021, we published a target to achieve net-zero emissions by 2035 and it has become clear that, due to new insights and guidelines on dealing with permanent neutralisation[1], we can no longer claim to be aiming to achieve net-zero by 2035, assuming this would require a 90% reduction in all our emissions by 2035 and permanent neutralisation of the remaining 10% of emissions. In our original climate action plan we had assumed there would be no limit on neutralisation.

No longer making this claim does not change anything about our underlying ambition or the actions to tackle climate change that we have already committed to. We focus our actions and targets on 2030 and 2035 instead of far-away targets in 2050 because we believe more climate action is needed in the near-term. Between the baseline year 2020 and 2024, our financed emissions reduced by 28% and we have been at the forefront of financing real climate solutions such as Nature-based Solutions that not only capture carbon but also restore biodiversity.

By 2035 we aim to reduce emissions by 63%. This means that our targets are in line with the Paris Agreement to limit global warming to at most 1.5 degrees Celsius following an absolute contraction method from Science Based Target initiative (SBTi). In 2025, Triodos Bank will further evaluate its climate strategy.

Scope 1 and 2
Triodos Bank commits to reduce absolute scope 1 and 2 GHG emissions 63% by 2035 from a 2020 base year. Triodos Bank commits to increase annual sourcing of renewable electricity from 98.6% in 2020 to 100% by 2030.

Scope 3 category 1-14
Triodos Bank commits to reduce absolute scope 3 categories 1-14 GHG emissions 63% by 2035 from a 2020 base year.

Our targets, excluding scope 3.1 purchased goods and services, cover all of our GHG scope 1,2,3 inventory. This is a coverage of 94%. The Group Integrated Annual Report discloses the climate-related targets covering 100% of our financed emissions (scope 3 - category 15).

Category	Control	Source	Description
Scope 1	Direct	Our Buildings	Emissions generated by sources owned or controlled by a company. For Triodos Bank UK, this is its Bristol office.
Scope 2	Indirect	Purchased Electricity	Emissions generated from electricity purchased to power buildings. Triodos Bank UK sources its electricity from energy providers that use renewable sources.

[1] Key developments include stricter requirements in CSRD ESRS E1 and the Science Based Targets initiative (SBTi) draft Financial Sector Net Zero standard (FINZ). Both have a expressed a strong emphasis on emissions reduction before neutralising residual emissions. In practice, this means only a small part (max 10%) of residual emissions can be neutralised with carbon removal and storage. Moreover, the current draft of the SBTi FINZ requires carbon removal and storage to be permanent and most Nature-based Solutions projects are likely not classified as permanent.

Category	Control	Source	Description
Scope 3 Category 1-14	Indirect	Upstream and Downstream Activities	Emissions from Triodos Bank UK's value chain as appropriate such as employee commuting, suppliers. Upstream is activity generating emissions prior to the point of sale by the producer whereas downstream is activities during sale process and end-of-life disposal.
Scope 3 Category 15	Indirect	Lending and Investment Portfolio	Emissions generated by customers who receive loans and/or investment from Triodos Bank UK. This is their Scope 1 and 2 emissions and is estimated using the PCAF methodology.

Triodos Bank has also set specific targets in relation to its loans and investment portfolio by sector and investment type. As these targets have been set by Triodos Bank, work is ongoing to scope out plans for their achievement at each local country level.

Greenhouse gas emissions
This is the third year of reporting for Triodos Bank UK in line with the requirements of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 and the UK's Streamlined Energy and Carbon Reporting (SECR) Regulations.

Our methodology is consistent with:

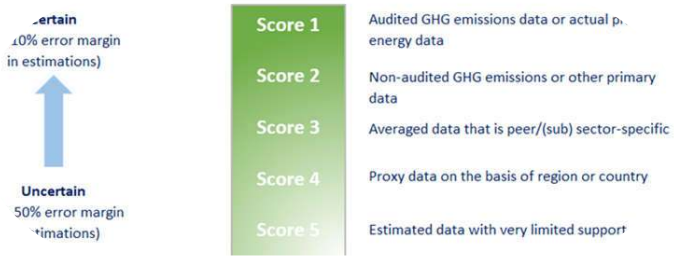
- Internationally recognised standards (i.e. GHG Protocol Corporate Value Chain Accounting and Reporting Standard, World Resources Institute and World Business Council for Sustainable Development; 2004),
- Sector led harmonised GHG accounting approach developed by the Dutch Partnership Carbon Accounting Financials (PCAF), and
- Global GHG Accounting and Reporting Standard for the Financial Industry from PCAF (the Standard).

Triodos Bank UK has applied an operational control approach which means it includes Scope 1 and 2 emissions where it has 100% control of its own operations.

Our financed emissions
Guided by the PCAF Standard and in collaboration with the PCAF consulting team, we define our reporting and measurement principles in the Triodos Bank Integrated Annual Report.

Triodos Bank has calculated CO_2 emissions across our portfolio and uses the outputs of an Impact Matrix Review it conducts of existing loans. Below is the formula that has been applied:

Factor definitions
Primary data client/PCAF DQ score
This considers the quality of the data that is available for each sector of our portfolio. Data quality according to this methodology can vary quite widely from reported through to estimated data. Data Scores under PCAF are defined as follows:



Emission factor

An emission factor is the value that has been used to quantify the amount of GHG emissions triggered by a specific activity. They vary by country and sector. Triodos Bank source and review an emission factor table which is then subject to audit with limited assurance.

Attribution factor

Triodos Bank calculates its share of a customer's emissions based on the proportion of our finance in a project or on a customer's balance sheet. For example, if we are responsible for 50% of a project's finance, then we report 50% of emissions generated or avoided by the project. Where the data quality score ranges between 1-4, we use the following ratio for the attribution factor:

$$\text{Attribution Factor} = \frac{\text{Outstanding Loans and Investments at Client}}{\text{Client Balance Sheet Total or Enterprise Value Including Cash (EVIC)}}$$

If the data quality is 5 where we have estimates with limited data support, we would use the following:

$$\text{Attribution Factor} = \frac{\text{Absolute Emissions Per Sector at Country Level}}{\text{Total Country Debt Per Sector}} \times \text{Outstanding Loans and Investments at Sector Level}$$

Calculation of emissions

For Triodos Bank, we have used emissions factors where applicable to calculate Scope 3 Financed Emissions across our portfolio. Where our customers measure their emissions we collect and record this data to replace the proxy data. However, as our book has smaller customers that do not have to meet the same standards as larger and/or listed businesses in their reporting, we expect that there will be gaps.

As well as the emitting sectors, Triodos Bank UK also has "avoided emissions" where it applies a different calculation methodology and in line with GHG Protocol, it excludes these from its Scope 3 emission calculations. Thus, they are identified separately from net emissions.

Table 1 - Scope 3 financed emissions by sector

		Gross amount (£m)[1]		Attributed Emissions (Ktonne CO_2e)[2]		Emission Intensity (ktonne CO_2e/£m)		Data Quality Score[3]	
Transition Theme	**Impact Sector**	**2024**	**2023**	**2024**	**2023[4]**	**2024**	**2023**	**2024**	**2023**
Energy	Environmental technology	35	19	2,590	2,160	74	115	3.1	4.3
Food	Organic farming	30	33	4,050	5,130	137	157	2.8	2.8
	Organic food	4	4	510	460	124	117	5.0	5.0
Resources	Sustainable property	12	14	120	1,020	10	75	3.2	2.8
	Resources - other	16	25	440	580	27	23	3.6	3.6
Societal	Social housing	344	350	8,160	8,350	24	24	4.0	3.9
	Society other & municipalities	31	33	470	500	15	15	4.9	4.9
	Inclusive finance & development	5	10	210	360	39	35	5.0	5.0
Wellbeing	Care for the elderly	149	164	1,300	1,450	9	9	3.9	3.7
	Healthcare - other	83	52	650	580	8	11	5.0	5.0
	Education	78	81	1,240	1,240	16	15	3.9	3.9
	Arts and culture	27	43	510	710	19	16	4.5	4.4
	Wellbeing - other	62	57	810	810	13	14	4.9	4.8
		877	**884**	**21,060**	**23,350**	**24**	**26**	**4.1**	**4.0**
Sequestered emissions									
Food	Organic farming	8[5]	8	(1,907)	(2,169)	(246)	(263)	2.8	2.8
Resources	Nature development & forestry	27	25	(12,530)	(13,030)	(470)	(515)	1.3	1.3
Net emissions		**904**	**909**	**6,623**	**8,151**	**7**	**9**	**4.0**	**4.0**
Avoided emissions[6]									
Energy	Renewable energy	195	216	(81,860)	(112,730)	(420)	(523)	1.1	1.1
Total		**1,099**	**1,125**					**3.5**	**3.4**

[1] Gross portfolio value is reported excluding any accounting adjustments for effective interest rate accounting.
[2] Finance scope 3 emissions tied to leased properties, which could not be delineated individually, are included.
[3] 1 = High Quality and 5 = Low Quality
[4] The 2023 figures for Organic Farming have been restated for methodology changes and corrections of errors.

[5] The gross amount related to sequestration in organic farming is also reported under the Organic Farming line for generated emissions, therefore not added to the (sub) totals.
[6] Avoided emissions should not be summarised because their absolute emission is zero. For further detail on avoided emissions, please refer to page 193 of the Triodos Bank N.V. Integrated Annual Report (www.annual-report-triodos.com).

Outcomes
The data quality across the portfolio is variable and over time we expect to improve its quality. Thus, PCAF calculations have been used to provide an indicative view of emissions. Customer emissions are currently being impacted by passive emission reduction through the improved de-carbonisation of the energy market. This will reduce avoided emissions over time.

In our analysis, there are gaps in that if we have no energy consumption data we have relied on sector mapping to PCAF sectors. These are proxies in that Triodos Bank impact sectors are not always fully aligned to the PCAF database. Specific examples are:

- Arts and Culture and Wellbeing are mapped to "Recreation" which is quite broad and can include ice skating rinks to swimming pools.
- For Elderly Care we have used the emission factor for multi-family homes rather than the GHG intensive factor for healthcare.

Within the overall sector calculations, assumptions have also been made for sub-sectors. Specifically, for Sustainable Property, there is typically a lower emission intensity but where we did not have this data, we have assumed an 'A' or 'B' for Energy Performance. Also, type of farming and location can cause variances in the emission factor applied. From this analysis, Triodos Bank UK found that Social Housing and Elderly Care are the majority of its Net Attributed Emissions.

Greenhouse gas emissions of own operations
In this section, Triodos Bank UK sets out its energy consumption and operational and financed CO_2 emissions.

In keeping with our mission of being a sustainable bank, Triodos Bank takes great care of our own environmental performance.

At Triodos Bank, we limit its environmental footprint as much as we can, avoiding the emissions of greenhouse gases wherever possible and offsetting any unavoidable emissions. We measure the footprint of our operations, register it in a CO_2 management system and compensates for it fully with Gold Standard carbon-offset projects.

We report on all our direct emissions (gas consumption for heating and fossil fuels for company) and our most relevant indirect emissions related to our business operations (electricity, commuting travel, business travel, paper, waste and downstream leased assets). We also disclose the amount of energy used through both electricity and gas in all our banking entities.

The first table provides total CO_2 tonnes for Triodos Bank UK's operational emissions for the last three years and are location based (these reflect average emissions intensity of grids on which energy consumption occurs whereas market-based is where companies have entered into contractual instruments that could include a contract for the purchase/sale of electricity). Data quality varies across each category, and we have captured the 2024 scores. The second table provides kWh and energy consumption to meet our obligations under SECR Regulations.

Key Calculation Assumptions

1. Electricity is for the Bristol office location only as London and Edinburgh offices are leased properties where we are unable to get a split of the utilities. For the Bristol office, we sell the energy produced by our solar panels back to the grid and purchase our own electricity from energy suppliers that have strong renewable energy credentials.
2. Purchased Goods and Services are driven primarily by paper and printer consumables.
3. Climate Neutral Group (CNG) determines conversion factors to calculate GHG emissions on an annual basis. Conversion factors are multiplied by the appropriate measurement (Kwh, m3, mileage) for each category. This provides a consolidated view of Triodos Bank UK's carbon footprint.
4. The CO_2 footprint breakdown in different scopes is also in line with international standards like the Greenhouse Gas Protocol (GHG Protocol) and the Global Reporting Initiative (GRI).

Table 2 - CO_2 emissions in tonnes

	Location Based			**2024 vs 2023**
	2024	2023	2022	%
Scope 1 - Gas consumption (heating)	0.9	2.1	-	(55%)
Scope 2 - Electricity	1.2	1.9	1.5	(38%)
Scope 3 - Purchased goods (Category 1)	-	2.6	1.6	(100%)
Scope 3 - Waste (Category 5)	2.1	1.8	-	13%
Scope 3 - Business travel (Category 6)	59.9	47.2	16.7	27%
Scope 3 - Employee commuting (Category 7)	48.2	38.7	41.3	25%
Total Operational Emissions	**112.3**	**94.3**	**61.1**	**14%**
Less: Compensation for CO_2 credits	(112.3)	(94.3)	(61.1)	(14%)
CO_2 Balance	**-**	**-**	**-**	**-**
CO_2 Compensation credit per tonne	£18.20	£19.76	£11.20	(8%)
Intensity Metric				
Operational emissions/FTE	0.33	0.31	0.24	24%

Table 3 - Energy consumption

	2024	2023	2022	2024 vs 2023 (%)
Electricity consumption in kWh	307,194	367,640	327,321	(16%)
Electricity in kWh/FTE	907	1,221	1,280	(25%)
Total gas consumption in m^3	24,742	25,668	25,708	(4%)
Gas in m^3/FTE	73	85	101	(14%)

Year over Year Variances

- Total Operational Emissions have increased as a consequence of the growth in total number of employees (resulting in more business travel and employee commuting).
- The LED lighting installed over 2023 and 2024 had a significant positive impact in the electricity usage. The project was completed in Q3 2024 and continues to be monitored for further efficiency opportunities, such as making adjustments to reduce the periods of lighting based on monitored usage.
- Completion of installation of digital water pumps which means a single source of heating for water and fan coil units (air). This meant a reduction in gas consumption.
- Actively changing the blend of energy sources (solar/onshore wind/offshore wind/hydro/biogen) ensured we better matched source to season and reduced emissions.
- Paper consumption reduced by changing supplier, consolidating information to reduce pages and printing all parts of customer communications seamlessly rather than in stages (e.g. no longer using pre-printed headed paper). However, Waste emissions increased year to year because of a new requirement to count the paper in files disposed from archive stores for the first time.
- Our Edinburgh office moved to a much smaller location, which is about 20% the size of the old office. The new office building is a large room in a multi-tenant building situated in an area that has a focus on future sustainable development and excellent public transport links. The new office is also within walking distance of the main Edinburgh railway station enabling sustainable travel options.
- Recycling and reduction of waste has improved through 2024. The improvements have been made by analysing waste streams and stricter segregation (e.g. the LED lighting that was removed was separated by component and recycled separately). Up to 83% of waste materials were recycled in 2024 (Dec-24 at 89%) versus the 2023 average 68% (Dec-23 63%).
- A more sustainable approach to reclaiming or reusing rather than purchasing has been introduced. For example, glass partition walls in the Bristol office used reclaimed glass and cupboards removed from the Edinburgh office were transferred and reassembled in the Bristol office

Planned 2025 initiatives

- The Facilities Team will continue to drive on sustainable purchasing using suppliers who reuse and recycle materials. For example, when planning office carpet replacement we will only choose suppliers who use recycled materials and dispose of waste sustainably.
- Tracking energy usage per FTE to report climate change impact on office heating and cooling levels. The Facilities team will shut down specific office floors on days when attendance is low.
- Contracting with local taxi companies that only use electric vehicles when booking business journeys for co-workers. Trialling the use of e-cargo bikes for other local transportation needs.

Below is the methodology used to calculate emissions and emission factors aligned to categories suggested by the Department for the Environment, Food and Rural Affairs (DEFRA).

Table 4 - Approach to calculation of emissions and relevance

Scope	Sub-Category	Approach for calculating emissions
Scope 1	Gas Consumption (Heating)	• Have a small combi boiler powered by green gas. Green gas is produced by our food and sewage waste which produces the methane used for this boiler. • Used building meter readings which are in m^3 which are then converted to kWh and then converted using an emissions factor
	Company & Lease Cars	• Not relevant as we do not have this type of scheme and business mileage is captured in Scope 3 emissions
Scope 2	Electricity	• Used building meter readings which are in kWh and are then converted using an emissions factor
	Company & Lease Cars (Electric)	• Not relevant as we do not have this type of scheme and business mileage is captured in Scope 3 emissions
Scope 3	Category 1 - Purchased Goods & Services	• Majority of goods in this area are paper and printer consumables, for banking documentation/financial conduct materials • Calculation is the metric tonnage purchase of paper and spend on printer consumables multiplied by an emissions factor • Are measuring emissions from point of use but are developing a methodology bringing in supplier's emissions in the next few years
	Category 2 - Capital Goods	• Have calculated delivery journey of new light fittings and recycled old fittings
	Category 3 - Fuel & Energy Related Activities	• Covers external/group visitors to our office. Assume that these are included in Triodos Bank and other external organisations' own calculations.
	Category 4 - Upstream Transportation and Distribution	• Not applicable to our business model
	Category 5 - Waste Generated in Operations	• Do not produce waste in operations processes as we are a paper-based business. Due to their confidentiality, documents are destroyed.
	Category 6 - Business Travel	• Broken down into form of transport and mileage and then multiplied by an emissions factor • Where co-workers are using electric cars, they do not have equivalent mileage tracking and thus not included. • Have sustainable hotel policies but are not able to calculate these emissions as reliant on hotel

Scope	Sub-Category	Approach for calculating emissions
	Category 7 - Employee Commuting and Home Working	• Survey on commuting distributed to all UK Co-workers in December • Focuses on mileage, number of days in the office and method of transport to calculate commuting impact and is then multiplied by an emissions factor
	Category 8 - Upstream Leased Assets	• Do not have any leased assets and equipment is included in Home Working
	Category 9 - Downstream Transportation and Distribution	• Not applicable to our business model
	Category 10 - Processing of Sold Products	• Not applicable to our business model
	Category 11 - Use of Sold Products	• Not applicable to our business model
	Category 12 - End of Life Sold Products	• Not applicable to our business model
	Category 13 - Downstream Leased Assets	• Do not have any leased assets
	Category 14 - Franchises	• Not applicable to our business model
	Category 15 - Investments	• Covered in detail within the 'Our financed emissions' section.

Methodology

The data to calculate the final CO_2 footprint of Triodos Bank is collected quarterly by our Local Environment Managers (LEM) in the Facilities team for each subsidiary and branch in the various countries where they have their operations. LEMs input all data, including underlying evidence in a CO_2 Management Application of the Climate Neutral Group (CNG). All submissions are checked by the Environmental Manager at Triodos Bank to ensure the submission has been prepared correctly. After the completion of this phase, all data is consolidated by the Triodos Bank Finance Division (using the four eyes principle). The final submission is reviewed to the level of limited assurance.

Climate risk metrics

In assessing the impact of climate risk on its portfolio in 2024, Triodos Bank UK conducted an exercise with its internal teams that was reported in the Q3 Climate Risk management information.

As a result of climate change, our portfolio is exposed to physical climate risks. On an annual basis, we carry out climate-risk stress tests, to assess the potential impact of extreme weather events such as storms, floods and droughts on our asset portfolio. We use external data to assess the physical risk of collateral in our loan portfolio and, according to our assessments, amongst others based on external climate risk data, the physical climate risk in our portfolio is considered to be not material. It should be noted, we use strict criteria, the minimum standards, in our

day-to-day activities. Our sustainable and value-based mission is the starting point of our credit granting process. Therefore, the exposure to transition risk in our portfolio is considered limited.

As mentioned previously, this exercise identified key sectors at risk but also as Triodos Bank UK does not lend to fossil fuel companies (in comparison to other banks) or fossil fuel intensive industries, this has helped keep its exposure to transition risk in particular lower.

Flood risk
Steps have been taken since 2023 to standardise the address level data to allow easier calculation of customer level risk. Triodos Bank UK engaged with a Third-Party Flood Data Provider in 2024 and submitted a higher quality selection of address data, increasing the match rate.

We then continued our annual process of reviewing risk for both the current year and over a 30-year time horizon to understand our portfolio exposure. For the longer-term scenario, IPCC RCP 6.0 was chosen which assumes a 1.4° to 3.1° temperature rise and some level of mitigating actions. This was picked as it aligns with average loan term of 20 years.

What was found is that currently 3% of portfolio value would be considered at high risk of flooding according to the criteria provided by the third-party data provider. Under the 30-year scenario, this risk remains minimal with 5% of portfolio value at high risk.

Though flood risk appears to be minimal based on third-party data, Triodos Bank UK is developing its metrics in its Risk Appetite Statement to track and report on this risk. As the reporting continued in 2024, we have gained confidence in our 2023 assumptions as the results reaffirm low flood risk exposure.

In 2025 we expect that the existing metrics will be reviewed and adjusted as the reporting is expanded.

Changes in regulation risk
An Energy Performance Certificate (EPC) measures the energy efficiency of a property and it ranges from 'A' (most efficient) to 'G' (least efficient). It provides information about a property's energy use and typical energy costs. Nevertheless, it should only be considered a proxy as it lasts for ten years and tends to be updated when a property is built, sold or rented.

After identifying that our Social Housing customers potentially have a significant risk in meeting the 2030 deadline, Triodos Bank UK proactively collected this data to understand this risk. We were able to source EPC figures for 81% of this collateral.

In analysing the scores available it was found that 23.6% had EPCs between 'D' to 'G' which is below the 2030 aim of ‘C’. We continue to monitor progress in this sector as the majority of customers continue toward the target of meeting the target EPC of ‘C’ by 2030.

The first iteration of metrics to track this transition risk is being introduced in 2024 and similar to flood risk we expect these metrics to be reviewed and adjusted as they are embedded in reporting. No targets have been set as of yet for these metrics and as this is first year of planned reporting there are no historical comparatives.

Other metrics in development

As Triodos Bank UK embeds new metrics into its reporting, it is acutely aware of other areas that it needs to track. The new third party partner for the supply of Climate Physical and Transition risk integration into the lending customer lifecycle is Climate X. Their integration is being completed by Triodos Bank to best leverage the application of climate data for customer engagement, portfolio data monitoring and risk assessment.

The most significant changes will be:

- The number of risks considered for each customer will be expanded with the possibility to focus based on geography and sector
- The tooling will enable Relationship Manager's to engage with customers and consider climate risk at the point of origination, therefore being better able to steer the future climate risk of the bank's portfolio.

Relationship Managers will be trained and have access by the end of Q1 2025, with the system being embedded as an inherent part of the process by the end of H1 2025 for new and existing business lending customers.

In relation to the deployment of metrics on capital spend, they would be relevant primarily to the Bristol office and properties in London and Edinburgh. Otherwise, Triodos Bank UK does not have any other significant capital expenditure. Appropriate metrics will need to be developed, as they will for tracking the maturity transition plans for our suppliers.

Risk Overview

Macro-economy
The UK continued to experience macroeconomic uncertainty through 2024 due to a mix of existing and new factors; change in Government in July 2024, continued regulatory change and the ongoing cost-of-living pressures. Inflation pressures reduced as the rate returned to the 2% target, supporting the Bank of England's transition into a rate-cut cycle from August 2024. However, inflation has started to increase post year end and is being closely monitored. There remains limited direct exposure to the conflicts in eastern Europe and the Middle East, although enhanced monitoring is in place to identify potential impacts if they arise.

The impacts from these factors continue to be monitored in conjunction with processes guided by the Bank's Risk Management Framework (RMF), with credit, strategic, compliance and operational risks remaining the most impacted.

Sector competition
Triodos Bank UK's chosen sectors have been a mix of some emerging (e.g. rewilding) or relatively niche markets (e.g. community ownership and care farms) and some well-established sectors which other banks also lend to (e.g. social housing, healthcare and agriculture). Increasing environmental awareness and action provides continual strong competition in some lending sectors.

Triodos Bank continues to finance new and innovative sectors, business models and technologies. For example, in 2023, Triodos Bank UK started to lend based on nature restoration and added to our pioneering portfolio of nature-based investment projects by providing the largest debt transaction for nature-based finance in the United Kingdom. This continued through 2024 and is an area where we have a strong competitive advantage and currently see low levels of competition. However, this will change as we demonstrate successful business models and funding options that will allow mainstream lenders to come in.

Mainstream banks increasingly embrace sustainability as a business opportunity via sustainability-focused financial products, including green bonds and sustainability-linked loans. The larger banks benefit from extensive resources, established customer bases, and the ability to offer competitive rates, creating a challenge to compete on scale alone. Triodos Bank UK differentiates itself through its ethical minimum lending criteria, transparency, and a strong reputation within the sustainability sector.

Additionally, FinTechs (digital financial services businesses) create new fields of competition and raise customer expectations which could challenge our relationship approach. The increase in cybercrime requires the Bank to increase its focus on systems to safeguard customers and this will remain a priority going forward.

This all provides both opportunities and challenges for the Bank as competitors currently appear focused on positioning 'ethics' around a customer treatment perspective and environmental aspects given climate change concerns. The Triodos Bank UK approach remains distinct in terms of its deeper engagement with customers, both those entrusting their funds to us and those borrowing from us, around our purpose and our focus and innovation on environmental protection and social equality.

This clear and unwavering commitment to ethical banking has helped the Bank build trust among UK consumers and businesses that prioritise values-driven banking and will continue to innovate through products that align with the Bank's core values.

Risk strategy
Triodos Bank UK's Risk Strategy aims to guide the construction and enable the delivery of our Business Plan and Strategy in a sustainable, prudent and compliant way, meeting relevant regulatory and legal requirements, supported by effective and efficient risk management. This is supported by a Risk Management Framework (RMF).

The RMF articulates the risk management strategy, governance, approach, and control framework that identifies, assesses, responds, monitors, and reports on risk exposures faced by the Bank. It is operationally owned by the Chief Risk Officer (CRO) and approved by the Board.

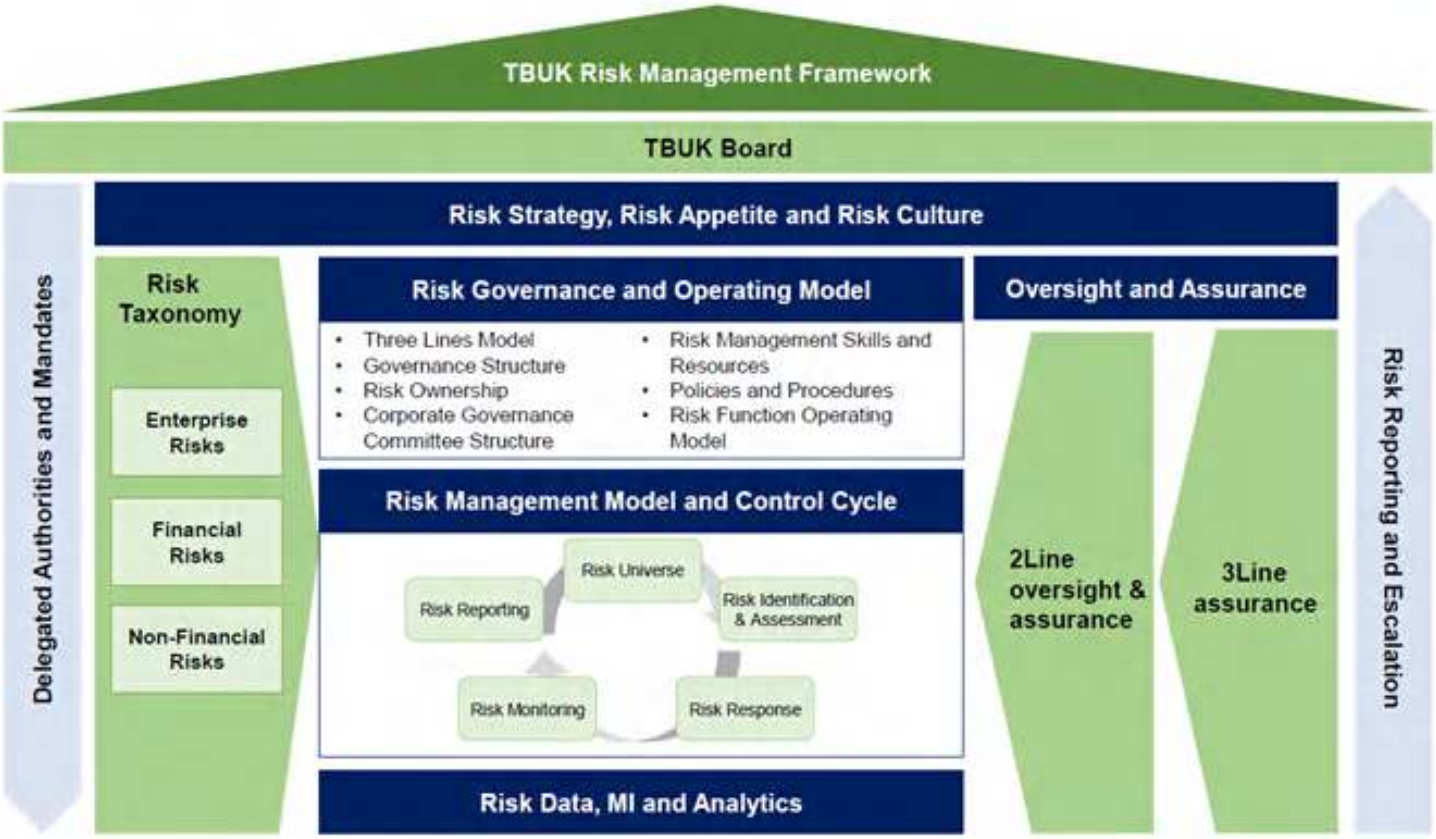
Triodos Bank UK's RMF seeks to align to the Triodos Bank Risk Management Framework. However, it also

reflects the UK regulatory environment where necessary, as guided and approved by the Board Risk Committee. The Board Risk Committee performs regular reviews of the RMF and risk and control environment to strengthen further the established framework, principally through the ongoing maturity development of compliance-risk appreciation across the business.

The Board sets clear risk appetite statements, driven in conjunction with the strategic planning process, and both inputs support the RMF content. The CRO also undertakes an annual review of the RMF that seeks to confirm that it remains fit for purpose in the period in between.

An industry standard 'Three Lines' model is incorporated in the RMF and applied within Triodos Bank UK to provide clarity of responsibilities based on an appropriate segregation of duties across each line. Operating in such a way allows each function to understand the boundaries of its responsibilities and how they fit into the internal control and risk management system. Application of this model provides a structure for periodic Risk and Internal Audit assurance activity around the RMF.

The core components of Triodos Bank UK's RMF are summarised within the figure below:



Risk profile and performance

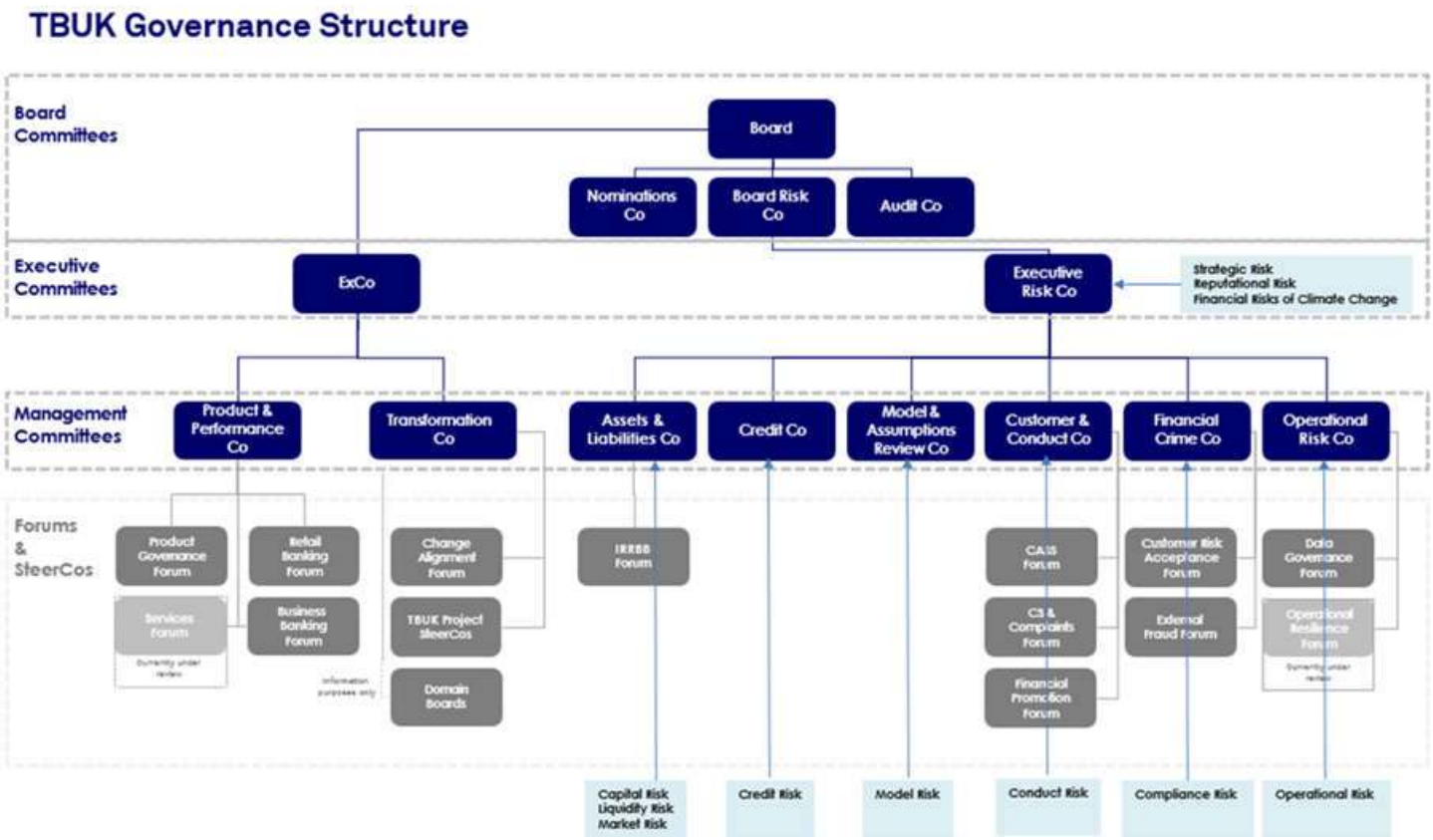
Key risks have continued to be managed effectively, thereby enabling the delivery of the Business Plan and Strategy in a sustainable, prudent and compliant way.

The capital and liquidity strength of Triodos Bank UK has remained robust throughout 2024, positioning the Bank well to achieve its strategic aims in the coming years.

Support for customers has been maintained through the challenges seen across the UK economy in recent years. Origination of new lending has remained challenging

through 2024, and monitoring continues to identify any early indicators of affordability stress on the current loan portfolio.

Risk governance
A formal governance structure is in place to deliver effective operational review of each risk type as shown below:



Primary risks
Triodos Bank UK maintains a risk taxonomy to support the structure applied for managing risks in conjunction with the RMF and is consistent with the Group taxonomy. The resulting primary risks are categorised as follows;

- Enterprise risks - strategic, reputational, model and capital risks,
- Financial risks - credit, liquidity and market risks, and,
- Non-financial risks - operational, compliance and conduct risks,
- Financial risks from climate change are currently aligned to credit risk though are cross cutting across all primary risk types.

Context details for each primary risk are outlined in the table below.

Moving in 2025, financial crime risk will be separated from compliance risk through the updated taxonomy agreed with Triodos Bank towards the end of 2024 and will be reported separately from 2025.

Primary Risk	2024 Performance	Risk Mitigation/Review
Strategic Risk The risk of a lack of achievement of the institution's overall objectives due to internal and/or external causes. **Incorporates: Selection, Execution, Modification and Governance Risks.**	Strategic risk has increased through 2024. The key drivers of that being the pressure on P&L and strategic growth from the challenges being faced by our customers (cost of living, increased borrowing costs / inflationary impacts), and equally from Triodos Bank UK's increased costs structure and potential for higher credit losses in the current environment.	Strategy and balance sheet structuring reviews together with the established solvency metrics being continually assessed and managed within the Board approved Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP), and Recovery Planning requirements that incorporate appropriate stress testing to maintain the Bank's balance sheet strength in this regard.
Reputational Risk The risk arising from negative perception on the part of customers, counterparties, shareholders, investors, regulators, or other stakeholders that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding. **Incorporates: People related, Process-related, and External world interaction Risks.**	Reputational risk has remained stable through 2024 and low overall. While the DR position has now regularised, there was potential reputational risk from related complaints. Other 'BAU' factors are assessed as they arise but nothing significant arose during the year.	Aggregated risk metrics are monitored and are derived from a range of potential sources of Triodos Bank UK's reputational risk, e.g., complaints received and negative press coverage / social media sentiment / current net promoter score. To mitigate the risk, a range of actions are in place such as careful consideration of complaints received with prompt action taken in response and comprehensive monitoring of media coverage.

Primary Risk	2024 Performance	Risk Mitigation/Review
Capital Risk The risk of solvency failure due to insufficient capital reserves. **Incorporates: Regulatory Capital, Capital Management and Financial Reporting Risks.**	Capital risk has remained low throughout 2024. Triodos Bank UK remains well-capitalised with a total capital ratio of 22.7% and a common equity tier 1 ratio of 22.1% which are significantly above regulatory requirements.	Triodos Bank UK maintains capital levels to ensure a prudent level of solvency whilst generating stable income so that the Bank can organically accumulate capital in line with the Risk Weighted Assets (RWA) growth. The Capital Management and Regulatory Reporting team monitors capital monthly and a rolling capital forecast is updated each month and presented to the Asset and Liability Committee quarterly for additional scrutiny and dissemination across functions within the bank. A capital strategy has been agreed which sets out a target capital ratio for business planning purposes and sets out the longer-term strategy for how Triodos Bank UK will grow its balance sheet whilst also maintaining a strong capital ratio. The annual ICAAP stress tests the Bank's capital ratios across its business planning horizon using severe but plausible stress events, this process has demonstrated that Triodos Bank UK is sufficiently capitalised to withstand a range of different severe stresses. Given the minimal level of non CET1 capital Triodos Bank UK holds, the Bank's principal focus is on its Total Capital ratio which is monitored regularly with limits reviewed as part of the Bank's Risk Appetite. The implementation of Basel 3.1 has been postponed until January 2027, Triodos Bank UK has made an initial assessment of its expected impact and will continue to monitor future developments.

Primary Risk	2024 Performance	Risk Mitigation/Review
Credit Risk Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. **Incorporates: Obligor Risk, Counterparty Risk and Concentration Risk.** (Financial Risks arising from Climate Change is aligned with Credit Risk for taxonomy purposes but is considered a cross-cutting risk type)	Credit risk has begun to improve through 2024, reflected in part by the non-performing loans position now reducing below 3%. While NPL's continue to be closely managed, the portfolio remains focused on three core sectors where our customers have demonstrated resilience in the current economic environment – renewables, social housing and healthcare.	Business lending is a core activity of the Bank and a key risk area, which in response has an experienced 2nd line Credit Risk team established to review proposals from 1st line relationship managers in accordance with the established Board-approved lending and sector policies. Credit Risk continues to be managed carefully with resourcing continuing to be monitored to ensure adequate oversight and challenge. Triodos Bank UK has a conservative portfolio spread across the sectors aligned with the Bank's mission and desired impact which is broken down in the 'development and performance of the business during the year' section. The portfolio supports customers through the economic cycle and generates return on equity aligned with the Bank's mission, business plans and impact.

Primary Risk	2024 Performance	Risk Mitigation/Review
Liquidity Risk Liquidity risk is the failure to be able to meet liabilities as they fall due. **Incorporates: Liquidity Funding Risk and Liquidity Market Risk.** .	Liquidity risk has remained low throughout 2024, with liquidity remaining well above risk appetite. The Bank continues to benefit from a strong liquidity position due to the stable nature of its customer base, predominately focused on Retail deposits and with limited wholesale funding exposure.	Liquidity risk is governed by the Overall Liquidity Adequacy Rule (OLAR). The Board provides liquidity risk oversight principally through approval of the Internal Liquidity Adequacy Assessment Process (ILAAP) together with regular review of liquidity ratios. These requirements incorporate appropriate stress testing to maintain the Bank's balance sheet strength. The Treasury team has established effective processes to manage and control liquidity and funding on a day-to-day basis with oversight from the Risk team. The Bank aims to always hold sufficient liquid assets (deposits with other institutions, and high-quality liquid assets such as Gilts) to cover client commitments and meet regulatory requirements. The Bank maintains a conservative liquidity profile with the quality, quantity, and stability of funding sources to always survive a 90-day severe but plausible stress. In addition, the Bank uses other key regulatory measures including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Liquidity risk management is supported by active funding planning, and the maintenance of liquidity contingency plans as part of the Recovery Plan.

Primary Risk	2024 Performance	Risk Mitigation/Review
Market Risk The risk of losses in on and off-balance sheet positions arising from movements in market prices and changes in interest rates, foreign exchange rates, and equity and commodity prices. Market risk is often driven by other forms of financial risk such as credit and market liquidity risks. **Incorporates: Interest Rate and Foreign Exchange Risks.**	Market risk remained relatively low during the year with some improvement seen in specific balance sheet structuring that further reduced interest rate risk exposure. That will continue into 2025 as the risks from the Bank of England's base rate cut cycle are managed. *Note - market risk exposure is principally from interest rate risk as the Bank has minimal foreign exchange exposure.	Interest rate related risks are modelled and managed monthly in accordance with regulatory requirements, principally via Economic Value of Equity (EVE) and Net Interest Income (NII) limits, and maintains very limited other market risk exposure, with no proprietary trading and a naturally hedged loan portfolio.

Primary Risk	2024 Performance	Risk Mitigation/Review
Operational Risk The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk. **Incorporates: Legal, Process, Product, People, Internal Fraud, Technology, Information Security & Cyber, Operational Resilience, Business Continuity, Data Management, Outsourcing, Change, and Physical Security & Safety Risks.**	Operational Risk has remained moderate throughout 2024, as 1st and 2nd line are working to reduce the overall exposure. Focus this year has been on: • Timely and accurate risk event reporting including appropriate end-to-end management of events via the action tracking component (this includes root cause analysis) • Migration of the Operational Risk profile from RSAM to ServiceNow, including the creation of risk and control libraries. In addition, the documentation of local and non-key risks. • Improving control environment, both volume and effectiveness to provide as much mitigation as possible for manual processes and tasks. • Residual risk exposure (implementing appropriate remediation with PTGs to bring back into appetite) • Operational Resilience (working towards achieving compliance ahead of March 2025) reviewing our methodologies, BAU model, scenario library and testing as well assessing vulnerabilities. • Managing third-party suppliers, including the services they provide, in particular material suppliers and overlap with Important Business Services from resilience risk.	The RMF sets out the systems, controls, and processes in place to manage Operational Risk, including Risk & Control Self-Assessments (RCSAs), key control testing, risk event reporting and root cause analysis. As part of the migration to a new GRC tool, Triodos Bank UK have begun to perform deep dives across level 4 process to identify the true risk profile for the departments. Group risk and control libraries provide a starting point and phase 2 of the RCSA evolution is taking place to we have adequate oversight and visibility. Formal handover of some risk and control activities have been handed over from 2nd line to 1st line to enable practical application of risk management in the system. Key Control Testing has been (and will continue to be) monitored and reviewed by 2nd line to ensure adequacy of execution and assessment, including follow-up and support where ineffective controls are identified. Maturity of 1st line risk has been key during 2024 with coverage across most departments. Engagement between the 2nd line has increased and become more effective and we await the output of one Springboard workstream to finalise roles and responsibilities of the 3 lines model, in particular Operational Risk activities.

Primary Risk	2024 Performance	Risk Mitigation/Review
Model Risk The potential for negative consequences arising out of the decisions made based on incorrect or misused model outputs and reports. It can result in financial loss, poor decision making, and reputational damage. The two main sources of model risk are fundamental errors in the model and incorrect or inappropriate use of the model.	Alignment of Model Risk Management (MRM) Governance brought in closer alignment with Group, including the following updates • refinement of model definition • identification of new models As part of MRM maturity, going forward in 2025 we will start to transition MRM ownership from 2nd Line to 1st Line.	Model risk management KRIs refreshed in collaboration with Group. Triodos Bank UK and Group metrics align. A gap analysis and remediation plan to SS1/23 and implementation of Triodos MRM Governance was conducted in 2024 with actions agreed within the MARC.

Primary Risk	2024 Performance	Risk Mitigation/Review
Compliance Risk The risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its banking activities. **Incorporates: Integrity (incorporating Conflict of Interest), Financial Crime Risk (includes Money Laundering & External Fraud) and Regulatory Compliance Risks.**	Compliance risk increased throughout 2024, with external events, regulatory activity and expectations heightening the need for firms to control risk exposure and manage consumer harm. The final element of the FCA's Consumer Duty came into force in July for closed products. The FCA issued a Dear CEO Letter FCA Strategy in Retail Banks 2025 on 23 October 2024, setting out clear regulatory expectations on the need for firms to demonstrate cultures and controls in terms of leadership, governance, oversight and risk management to conduct risks and monitoring the customer outcomes being delivered. This included an increase in financial crime and fraud risk issues, particularly in relation to anti-money laundering and Sanctions controls with regulatory censure in three high profile cases, highlighting systems and controls and poor practice issues. New requirements to mitigate consumer exposure to APP Fraud also came into force and a Dear CEO Letter was received on 07 October 2024 in this regard.	The RMF sets out the systems, controls, and processes in place to manage Compliance Risk, including risk and control assessments, risk event reporting, and root cause analysis. The 'Springboard' programme initially launched in 2023 to ensure the Bank can evidence, maintain, and ultimately fully mature its regulatory compliance and control environment continued across 2024. A full regulatory footprint and initial gap analysis has been completed, and work is ongoing on how best to implement this in an adaptive, robust, and cost-effective way. The 2nd Line Compliance team supports regulatory compliance through a combination of advisory and assurance activity, including the delivery of the annual monitoring plan incorporating activity to complement 1st Line Quality Assurance and control oversight activity where gaps have previously been identified. Closer working relationships with 1st Line Risk and Control functions have been developed, and this will continue to be an area of focus as risk maturity grows.

Primary Risk	2024 Performance	Risk Mitigation/Review
Conduct Risk The risk that the firm or an individual's behaviour will result in poor customer outcomes. This may be because of product design, distribution and sales of products or product servicing. **Incorporates: Culture, Product & Services and Customer Treatment & Protection Risks (including Sales & Post Sales Risks).**	Conduct risk exposure has remained stable throughout 2024, and is Amber with movement in different areas within the overall profile. During 2024 we focussed on the removal of overdraft facilities from the PCA product and increased scrutiny under Consumer Duty has brought other issues on older products to light. In addition, engagement with historic issues identified through recent outcome focussed activity and conduct risk exposure has been required and is ongoing. Maintaining delivery of customer contact performance within stated service levels and ensuring that the complaints handling infrastructure delivers fair and prompt outcomes for customers have been areas of focus.	Key risk aspects and areas of risk exposure monitored and actively managed throughout 2024 include: • removal of the PCA overdraft facility and consequent customer engagement; • correction of FATCA/CRS reporting processes and resulting customer engagement to verify/update data; • further delivery under the Consumer Duty infrastructure to assess closed products, mature the communications oversight infrastructure including instituting a Consumer Panel, and progress outcomes testing; • conduct risk metrics at Executive and Board Risk Committees monthly; • product governance. Conduct risk management and exposure remains a key element of ongoing Consumer Duty work, as well as the work under the Triodos Bank UK Operational Resilience (and Group DORA) projects.

Key regulatory initiatives (in addition to Climate Risk and Consumer Duty, covered above)

Operational Resilience
Operational Resilience remains a key focus area for Triodos Bank UK. The resilience of our Important Business Services and their dependencies has been enhanced during 2024 to ensure delivery to regulatory expectations by 31 March 2025, as well as to support Triodos Bank UK's business strategy. This has been achieved by embedding an Operational Resilience Framework and requirements into relevant activities and processes, aligning our governance, updating roles and responsibilities, and continuing to train our co-workers. Furthermore, we have matured our Operational Resilience scenario testing capabilities for assurance that in severe but plausible scenarios, Triodos Bank UK is able to prevent intolerable harm to customers, and will not risk its financial safety, soundness and stability.

Equity, Diversity, and Inclusion
Regulatory focus in this area has continued to develop and Equity, Diversity, and Inclusion (EDI) remains a focus of Triodos Bank UK's people strategy, creating and embedding a diverse and inclusive co-worker community. Details of our progress against our EDI strategy are outlined within the Co-worker section above.

Vendor Management
In 2024, Triodos Bank UK implemented the Triodos Bank Procurement operating model to improve regulatory compliance, operational resilience and critical supplier

monitoring. More detail can be found within the Suppliers section of the section 172 statement below.

Emerging risks

Triodos Bank UK is alert to a range of emerging risks as well as a continuation of the various risks identified above. These include ongoing focus around regulatory changes, financial risks arising from climate change and technological innovation and digitalisation (including currencies), data, information security and Artificial Intelligence (AI), as well as the credit risks arising from a long-term stressed real economy. In addition, there is an on-going need for strong and resilient systems, a customer and service provision aligned with evolving demographics and values, a co-worker proposition with the ability to attract and retain a diverse, skilled, competent, and talented workforce, all with the backdrop of continuing geopolitical and economic volatility.

Triodos Bank UK also recognises the potential for risks arising from inadequate systems and financial crime controls, illustrated by the increase of regulatory fines in the banking sector from regulators in 2024.

To support the early identification of emerging risks, Triodos Bank UK undertakes its own horizon scanning for regulatory, legal and general risk management change together with being party to many industry bodies and forums that supplement those existing early identification processes, such as UK Finance. Typically, and depending on the perceived severity of each emerging risk, Triodos Bank UK conducts gap analyses and utilises Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to better assess potential impact and will include the risk within the overarching Executive risk register for close monitoring.

Section 172 Statement

Triodos Bank UK's Section 172 statement provides insight to how the Directors have considered their duty to promote the success of the company for the benefit of its shareholder while also having regard to the interests of other stakeholders and broader issues such as the longer-term impacts of decision making. The mission of Triodos Bank UK has at its core quality of life, human dignity, and the environment.

The Board acknowledge their role as leaders and stewards of culture at Triodos Bank UK, but they also recognise that culture is influenced by every facet of an organisation. Therefore, the values of Triodos Bank are built into all operations of the business, including the deliberations and decisions of the Board and the broader impact and influence that we have on people, community, and the environment.

The Board is committed to ethical practices and prioritises the interests of our diverse stakeholders which includes, our sole shareholder, customers, co-workers, suppliers, communities, the environment and regulators. Our decision-making processes consider the long-term impact on all stakeholders, fostering transparency, sustainability, and social responsibility. By integrating ethical considerations into our business strategy, we aim to create enduring value and have a positive impact from a social, cultural and environmental perspective.

Shareholder
Triodos Bank N.V. is the sole shareholder of Triodos Bank UK, and both share a mission to make money work for positive change in society. The Directors of Triodos Bank UK have established ways of working that promote collaboration and consultation with the shareholder, including sharing key Board papers and holding quarterly trilateral meetings between the Chair, Chief Executive Officer and shareholder. Close engagement with the shareholder supports the pursuit of a shared mission and aligned strategies and ensures that Triodos Bank UK can respond to the interests of its own stakeholders and a different regulatory context.

Customers
Consumer Duty continued to be a key focus in 2024. Remaining activities, including closed product reviews were completed. The governing body report for 2024 concluded that Triodos Bank UK was materially compliant in its delivery of good customer outcomes, and in its adherence with applicable PRIN2A rules. There is still work required to embed and mature the Duty fully into BAU practices. This and the Bank's ongoing compliance remain a priority for the Board going forward.

The Board have also focused on supporting our customer base to deliver positive environmental and social impact.

Co-workers
The Directors' understanding of the interests of co-workers continues to be achieved through reports on engagement surveys and discussions with co-workers, both formally through annual Q&A sessions, shared development and strategy sessions, and informally, by establishing and leading an open and approachable culture. The Board continues to be interested in workplace culture, including topics such as non-financial misconduct and equity, diversity and inclusion.

The Board are fully aligned with our 2024-26 People & Culture strategy and oversee its implementation and progress. Two co-worker engagement surveys are held every year with feedback and action plans being shared with the directors.

Suppliers
The Board are committed to a culture of sustainable procurement that combines social, environmental and commercial aspects alongside a strong focus on management of third-party risk, resilience of supply chains and protecting our customers. Triodos Bank UK strives for long-term collaborative relationships with our suppliers – engagement with suppliers is conducted in a competitive, fair and transparent manner that puts Triodos Bank UK's customers at the heart of what we do whilst ensuring that our suppliers comply with European Union law, UK Law and international best practice.

The implementation of the Triodos Bank Procurement operating model in 2024 has resulted in a positive result for the Bank, in the ability to work towards compliance with regulatory requirements and standards to strengthen operational resilience and improved monitoring of suppliers critical to the delivery of important business services.

This has been facilitated with the roll-out of the supplier assurance tool in expediting procurement decisions and onboarding of suppliers we know to be aligned to the Bank's strategic objectives and positive impact ambitions. The model facilitates a more cohesive approach to Group led procurement, enabling Triodos Bank UK to ensure that the services and suppliers meet the UK regulatory requirements.

The operating model will be matured into 2025 along with the adoption and embedding of the new Group Procurement policy whose intention is to increase governance, monitoring and control of our third party relationships beyond those classified as critical to the delivery of our services.

Financial Risks of Climate Change
An additional focus of the Board has been on improving Triodos Bank UK's approach to managing the Financial Risks of Climate Change (FRCC) and has implemented a number of workstreams to improve how we manage both the physical and transition risks associated with FRCC. This included embedding numerous workstreams for Governance & Risk Management, Data, Scenario Analysis, Training & Communications, Net Zero Alignment and Disclosures. For more detail, please refer to the Climate Risk section of the Strategic Report.

Regulators
The Board remains committed to demonstrating that Triodos Bank UK is diligent not only in meeting regulatory requirements but also that the Bank ensures customers are at the heart of our decision making in everything that we do. The Directors and Senior Managers of Triodos Bank UK have relationships with the Bank's regulators based on openness and transparency.

To support that the Board continues to seek to share all information with our regulators that evidences close oversight and resilience of the business faced with the ongoing challenges from the external environment.

Future developments

The Triodos Bank UK Strategic Plan 2024-26 continues to provide direction aimed at strengthening our position as a leader for impact within the UK financial services sector. The UK strategy aligns to Triodos Bank vision of being a leading catalyst towards a sustainable world, using money for system change and takes on board the 5 Transition Themes (see Strategic Report Section) and the transformation of the lending portfolio to reflect this.

Triodos Bank UK aims to deliver impact through growth in the lending portfolio which includes existing and new lending opportunities such as nature-based solutions. We aim for an expansion of impact investment fund propositions and investment crowdfunding activity whilst we also continue to grow our core banking products.

With Bank Base Rate having peaked at 5.25% in 2024, Triodos Bank UK recognises the economy has entered a cycle of declining base rate which is reflected in future plans and income projections. This, combined with inflation returning closer to the Bank of England's target is expected to improve the outlook for business investment and consumer demand.

The Bank has managed interest rate risk to maintain natural hedging against the loan portfolio, through the placement of fixed term bonds with selective mission-aligned institutions, and government gilts. These strategies help to optimise the Bank's balance sheet and maintain profitability in the medium term.

The Board have responded to emerging macroeconomic developments, seizing the opportunities present in the markets, sectors and regions in which the Bank is active. Fulfilling our mission while maintaining a sound level of risk and return remain key, so the Bank will continue to work on ensuring regulatory compliance and effective risk management alongside improving cost efficiency through tactical and strategic operating model developments.

To effectively manage interest rate sensitivity, Triodos Bank UK will continue to focus on growing revenue streams outside of the core lending portfolio that also contribute to the Bank's mission. This includes the launch of a new Junior Stocks & Shares ISA during 2025 as part of our investment's portfolio. Additionally, embracing technological advancements is crucial for operational efficiency and meeting evolving customer expectations. Active development of the current account proposition will improve mobile payments functionality and we continue to digitalise retail customer products to make

onboarding and serving customers a better and more efficient experience.

Triodos Bank UK are also committed to further management of its overall cost base in 2025 to bring the cost to income ratio to within its financial target range of 70-75%. This will consist of regular performance assessments and cost analysis to guide strategic decision making and allocate resources effectively. The main focus for 2025 is to encourage a culture of cost-consciousness among co-workers and promoting innovative cost-saving measures that can contribute to long term financial resilience as interest rates continue to fall.

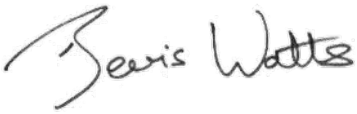
We are currently operating in ever changing economic conditions and therefore robust risk management practices become paramount. For that reason, in 2023 Triodos Bank UK launched its internal 'Springboard' programme which is expected to complete during 2025. The objective of the programme is to ensure Triodos Bank UK is regulatory compliant and in control, in an adaptive, robust and cost-effective way.

Triodos Bank UK's capital and liquidity position is in line with internal target ratios and well above the regulatory minimum requirements. TBUK also have some further clarity surrounding future capital planning where the Bank of England announced its decision in January 2025 to delay the implementation of Basel 3.1 by a year, pushing back the proposed effective date to 1 January 2027. Additionally, in March 2025 Triodos Bank UK was granted permission to join the Small Domestic Deposit Takers Regime (SDDT). A decision will be made in early 2025 as to whether Triodos Bank UK wishes to redeem its current Tier 2 bond which matures Autumn 2025.

Approval

Approved by the Board of Directors on 31 March 2025 and signed on its behalf by:

Gary Page
Chair



Bevis Watts
Chief Executive Officer

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Directors' Report

The Directors present their report and audited financial statements for the year ended 31 December 2024 for Triodos Bank UK Limited.

For comprehensive analysis on the operations and impact of Triodos Bank, including the UK, please refer to the consolidated group reporting in the Triodos Bank N.V. Annual Report (www.annual-report-triodos.com).

Directors

The Directors of Triodos Bank UK during the year (unless otherwise disclosed) and at the date of signing the financial statements were:

	Role	Total Directorships (incl. Triodos Bank UK) Number
Gary Page	Independent Non-Executive Director, Chair of the Board, Chair of Nominations Committee	5
Richard Burrett	Independent Non-Executive Director, Chair of Audit Committee, Member of Risk Committee	2
Nigel Morrison[1]	Independent Non-Executive Director, Member of Audit Committee, Member of Board Risk Committee	4
Karen Furlong	Independent Non-Executive Director, Senior Independent Director, (SID) Member of Audit Committee, Member of Nominations Committee	5
Keith Bevan	Independent Non-Executive Director, Chair of Risk Committee, Member of Audit Committee	2
Wibout de Klijne	Non-Executive Director	1
Alessandra Mongiardino	Independent Non-Executive Director, Member of Risk Committee, Member of Nominations Committee	3
Bevis Watts	Executive Director, Chief Executive Officer (CEO)	5
Sian Williams	Executive Director, Chief Risk Officer (CRO)	1
Sarah Ball[2]	Executive Director, Chief Financial Officer (CFO)	4

[1] Appointed as Independent Non-Executive Director from 1 August 2024
[2] Appointed as Executive Director from 1 August 2024

The Board aims to meet at least six times per year. During 2024, there were six ordinary Board meetings, four separate Strategy Days, and five extraordinary or special meetings. In 2024, Board attendance was close to 100% for the planned meetings with only one Director missing one each of the eleven planned meetings.

The role of Senior Independent Director is held by Karen Furlong, who was appointed to this role in 2022.

The members of the Board Risk Committee are Keith Bevan (Chair), Gary Page, Richard Burrett, Alessandra Mongiardino and (from 1 August 2024) Nigel Morrison. The

committee aims to meet at least 4 times a year, and in 2024 held six ordinary meetings, and one special meeting. Attendance was close to 100% with only one Director missing one of the planned meetings.

The members of the Audit Committee are Richard Burrett (Chair), Karen Furlong, Keith Bevan and (from 1 August 2024) Nigel Morrison who will replace Richard Burrett as Chair of the Audit Committee on the 25th January 2025 . The committee aims to meet at least 4 times a year, and in 2024 held five ordinary meetings, and one special meeting. Attendance was close to 100% with only one Director missing one of the meetings.

The members of the Nominations Committee are Gary Page (Chair), Karen Furlong and Alessandra Mongiardino. The committee aims to meet at least 4 times a year, and in 2024 held four ordinary meetings, and two special meetings. Attendance was 100%.

Directors' recruitment and diversity

The Triodos Bank UK Board Succession and Diversity Policy guides recruitment and diversity of Directors.

Recruitment strategies are designed around an assessment of skills available on the Board and the skills needed to deliver the Bank's strategic objectives. Recruitment of new Directors is managed directly by the Board with the support of the Corporate Secretary, internal HR department and external search companies as required. All current Directors have extensive experience in regulated firms, primarily in the banking industry.

The Board's approach to diversity is aligned to its commitment to a diverse and inclusive workplace and which reflects the communities in which it does business. At the date of signing the financial statements, the Board includes four female Directors, representing 44% of membership.

New Key risk indicators have been approved for use through 2024 to monitor key EDI aspects of the Board including:

1. At least one senior Board position is a woman (out of the Chair, CEO, SID, CRO or CFO);
2. Board composition should be more than 40% female (male composition should not be <40% either); and
3. At least one board member is from a minority ethnic background.

The first metric is 'green' given the SID, CRO and CFO are all women; the second metric is also green (at 44%); and the third aspect is a focus area for Board succession planning. While it is challenging to achieve good diversity on a small Board, the Board is committed to ensure that future recruitment actively considers how to encourage and support a greater diversity of candidates.

We are signed up to the Disability Confident scheme which helps us recruit, retain and develop disabled people and shows disabled people that we recognise the value they can bring to our business. In 2025, we will seek to move from level 1 to level 2.

Directors' indemnity

Triodos Bank has purchased and has maintained Directors' and Officers' liability insurance cover for the benefit of the Directors and Officers of Triodos Bank UK throughout the financial year and it is currently in force.

Triodos Bank UK also has qualifying third party indemnity provisions in its Articles of Association for the benefit of each of the Bank's Directors serving in 2024 and as at the date of approval of this report.

Results and dividends

The profit for the year, after taxation, was £5.5 million (2023: £2.8 million). The Directors recommend the payment of a dividend of 3.2 pence per share (2023: 0.81 pence per share). The dividend proposal is made according to Triodos Bank UK's Dividend Policy.

Political and charitable donations

Triodos Bank UK donated £66,332 to charitable organisations in 2024 (2023: £38,793). Triodos Bank

UK has not made any donations to any registered UK political party.

Significant events since year end

The directors agreed payment of a 100% dividend (£5.5m) at the meeting of the UK Board in March 2024 (2023: £1.4m dividend), in respect of the results for the year ended 31 December 2024 (note 30).

On 10 January 2025, Triodos Bank N.V., Triodos Bank UK Limited's parent company announced that it will take a provision of EUR 101 million before tax for 2024. The provision is related to the anticipated costs of the settlement offer to eligible Depository Receipt (DR) Holders. The settlement offer is part of a larger package of measures. With this package of measures, Triodos Bank aims to address the dissatisfaction among DR Holders regarding the suspension and restoration of tradability of DRs, while safeguarding its capacity to achieve its positive impact goals in the interest of all its stakeholders. As part of the measures Triodos Bank N.V. will offer all eligible DR Holders who owned DRs on 28 June 2023 the option to accept a payment of EUR 10 per DR in exchange for full and final discharge. The DR settlement does not impact Triodos Bank UK Limited's financial results for the year ended 31 December 2024 or beyond because the provision has been recognised by Triodos Bank N.V..

On 27 January 2025, Triodos Bank UK announced that it will appoint Mark Clayton as Chief Executive Officer. Mark is currently Chief Operating Officer at Triodos Bank UK, having joined the Bank in early 2024. His appointment is subject to formal approval by the regulators, and it is anticipated he will start in his position in early summer. He will succeed Bevis Watts, who announced in October in 2024 that he would step down after nearly 10 years leading the Bank.

On 3 March 2025, Triodos Bank UK announced that it will appoint Brendan Donnelly as the Bank's new Chief Operating Officer as he takes over from Mark Clayton, announced as Triodos Bank UK's new Chief Executive Officer above. Brendan joined Triodos Bank UK in 2021 as Head of Enterprise Risk and was promoted to the role of Springboard Programme Director in 2023, joining the Senior Management Team as a member of the Executive team.

At the date of this report, the Directors are not aware of any other matter or circumstance which has arisen which has significantly affected or may significantly affect the operations of the Bank, the results of those operations or the situation of the Bank in the financial year after 31 December 2024 not otherwise disclosed in this report.

Future developments

The ambition and plans for the future development of Triodos Bank UK are set out above in the Strategic Report.

Employee engagement and business relationships

Throughout the year, the Board remained committed to fostering a strong connection with co-workers across all levels of the organisation. Recognising the importance of engagement, professional development, and open communication, the Board took active steps to encourage collaboration and dialogue between co-workers and senior leadership.

A continued key initiative is inviting co-workers at all levels to attend and present their work at Board and Board Committee meetings. This provides co-workers with valuable exposure to the decision-making process as well as allowing co-workers to showcase their contributions. By doing so, the Board ensured that employees gained insight into strategic discussions and enhanced their professional growth. In turn, the Board benefited from a deeper understanding of co-worker perspectives and enhances the connection with co-workers.

The Board also reinforced its commitment to an inclusive and engaged workplace culture through the Board's chair, Gary Page attending the year end celebration meeting for all co-workers of the Bank. This session allowed the Board to express appreciation to co-workers for their dedication throughout the year and also allowed the newest member of the Board, Nigel Morrison to introduce himself to all co-workers.

Additionally, the Board also actively engaged in open dialogue with co-workers by holding town hall sessions. These forums allowed employees to raise questions, share feedback and discuss topics directly with leadership.

The Board consider leadership capability to be a key enabler for the broader organisational strategy. The achievement of the Bank's goals relies on a strong co-worker community, so enhancing and defining co-worker's leadership capabilities is essential. For this

reason, the Board signed up to the Triodos Bank Group initiative to develop the Bank's future leaders. This programme is called the LEAD programme where the first cohort started in late 2024. The programme has been designed to equip all people managers with the skills needed to effectively lead Triodos co-workers to a successful future.

Overall, by maintaining an open and engaged approach, the Board continued to foster a culture of collaboration, trust, and professional development, reinforcing the Bank's commitment to its people.

GHG emissions, energy consumption and energy efficiency

The Bank's disclosures around emissions, energy consumption and energy efficiency including the Bank's Streamlined Energy and Carbon Reporting (SECR) are set out within the Climate Change section of the Strategic Report above.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that Triodos Bank UK has adequate resources to continue in business for the foreseeable future.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions including but not limited to future projections of profitability, cash flows and capital resources.

The Directors have considered the impacts of the contraction of the Bank of England Base Rate by the Monetary Policy Committee as UK inflation contracted back in line within the 2% target set by the Bank of England. The Bank of England Base Rate was stable throughout 2024 at 5.25% but contracted by 50 bps before

the end of the year with 25 bps reductions in August 2024 and November 2024. For this reason, management have undertaken stress scenarios under further rapid decreases in the Bank of England Base Rate. Post year end, inflation has increased back above the 2% inflation target so management have also undertaken stress scenarios for rapid increases in the Bank of England Base Rate. The Directors have also considered the integral services Triodos Bank UK's parent company provides the Bank.

The principal risk to the Bank from rising inflation and interest rates over 2024 is credit losses. The Directors have made provision for expected credits losses, and although further losses are possible given the evolving macroeconomic environment, these are considered unlikely to affect the Bank's going concern status as the Bank has maintained a strong capital and liquidity position. This is supported by the fact the Bank has sustained increased impairment losses throughout 2023 and 2024 but remains profitable and cash generative, where additional cash has then been invested in the fixed rate products via bond purchases to hedge against Base Rate movements in the medium term.

In addition, Note 26 to the financial statements includes Triodos Bank UK's policies and processes for managing its capital, its financial risk management and its exposures to credit risk, liquidity risk and market risk.

Triodos Bank UK has adequate financial resources, and the Directors believe that the Bank is well placed to manage its business risks successfully. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of disclosure of information to auditors

The Directors who held office at the date of the approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Bank's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director; to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. Their confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

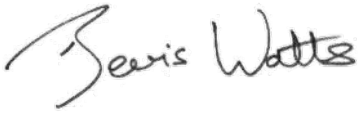
Pursuant to section 487 (2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, as at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

Approval

The Directors consider that the Annual Report, taken as a whole, is fair, balanced, and understandable, and provides the necessary information to assess the company's position and performance, business model and strategy.

Approved by the Board of Directors on 31 March 2025 and signed on its behalf by:

Gary Page
Chair



Bevis Watts
Chief Executive Officer

Financial Statements 2024

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Statement of comprehensive income for the year ended 31 December 2024

Amounts in £'000	Note	2024	2023
Interest income	1	98,818	88,278
Interest expense	2	(43,573)	(34,637)
Net interest income		**55,245**	**53,641**
Fee and commission income	3	4,077	4,348
Fee and commission expense	3	(2,031)	(2,295)
Net fee and commission income		**2,046**	**2,053**
Other operating income/(expense)	4	47	(49)
Total income		**57,338**	**55,645**
Personnel expenses	5	(21,310)	(18,185)
Other administrative expenses	6	(25,393)	(23,177)
Operating expenses		**(46,703)**	**(41,362)**
Impairment loss on financial instruments	26	(3,665)	(11,368)
Profit on ordinary activities before tax		**6,970**	**2,915**
Tax on profit on ordinary activities	8	(1,467)	(127)
Profit and total comprehensive income		**5,503**	**2,788**

All profits are from continuing activities and no other comprehensive income.

Accounting policies on pages 89-99 and Notes on pages 100-147 form an integral part of these financial statements.

Statement of financial position as at 31 December 2024

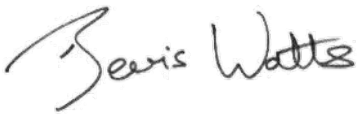
Amounts in £'000	Note	31-Dec-24	31-Dec-23
Assets			
Cash and cash equivalents	9	298,593	282,378
Loans and advances to credit institutions	10	10,684	31,575
Loans and advances to customers	11	1,088,413	1,111,377
Debt securities	12	551,669	456,689
Intangible fixed assets	13	1,371	927
Property, plant and equipment	14	11,032	11,230
Right of use assets	15	766	912
Deferred tax asset	16	254	288
Current tax asset	8	-	640
Other assets	17	1,547	1,799
Total assets		**1,964,329**	**1,897,815**
Liabilities			
Deposits from credit institutions	18	12,743	18,008
Customer accounts	19	1,736,002	1,664,051
Debt issued	20	5,736	5,736
Lease liabilities	15	803	950
Current tax	8	477	-
Other liabilities	21	7,305	12,730
Provisions	22	1,075	255
Total liabilities		**1,764,141**	**1,701,730**

Amounts in £'000	Note	31-Dec-24	31-Dec-23
Equity			
Called up share capital	23	172,000	172,000
Merger Reserve		55	55
Retained earnings		28,133	24,030
Total equity		**200,188**	**196,085**
Total equity and liabilities		**1,964,329**	**1,897,815**

Accompanying Notes on pages 100-147 form an integral part of these financial statements.

The financial statements of Triodos Bank UK Limited (registered number 11379025) on pages 83 - 88 were approved by the Board of Directors and authorised for issue on 31 March 2025. They were signed on its behalf by:

Gary Page
Chair



Bevis Watts
Chief Executive Officer

Statement of changes in equity for the year ended 31 December 2024

Amounts in £'000	Called up share capital	Merger reserve	Retained earnings	Total
At 1 January 2023	**172,000**	**55**	**24,042**	**196,097**
Total profit and comprehensive income	-	-	2,788	2,788
Prior year dividend paid	-	-	(2,800)	(2,800)
Balance at 31 December 2023	**172,000**	**55**	**24,030**	**196,085**
Total profit and comprehensive income	-	-	5,503	5,503
Prior year dividend paid	-	-	(1,400)	(1,400)
Balance at 31 December 2024	**172,000**	**55**	**28,133**	**200,188**

Accompanying Notes on pages 100-147 form an integral part of these financial statements.

Retained earnings represent the cumulative profits arising from the normal course of business.

The merger reserve was formed as a result of the transfer of the assets and liabilities of the UK branch of Triodos Bank N.V. to Triodos Bank UK Limited on 1 May 2019.

Statement of cash flows for the year ended 31 December 2024

Amounts in £'000	Note	2024	2023 (Restated)[1,2]
Cash flow from operating activities			
Profit before tax		6,970	2,915
Adjustments for:			
Depreciation and amortisation	6, 13, 14, 15	1,082	1,045
Loss on fixed asset disposal		-	20
Debt securities premium and discount amortisation	12	(4,528)	(1,710)
Increase in interest receivable on debt securities[1]	12	(2,163)	(1,777)
Increase in ECL on financial instruments	11	(3,590)	(787)
Write off of financial instruments	26	7,229	12,308
Increase/(Decrease) in provisions	22	820	(80)
Interest on lease liabilities		29	39
Tax expense	8	(1,467)	(127)
Cash flow from business operations		**4,382**	**11,846**
Changes in net operating assets:			
Decrease/(Increase) in loans and advances to customers	9	19,325	(1,593)
Decrease/(Increase) in deferred tax asset	16	34	(53)
Decrease/(Increase) in other assets	17	252	(660)
(Decrease) in deposits from credit institutions	18	(5,265)	(6,684)
Increase in deposits from customers	19	71,951	22,145
Increase/(Decrease) in current tax liability		1,117	(957)
(Decrease)/Increase in other liabilities	21	(5,425)	6,056
Cash flow from operating activities		**86,371**	**30,100**

Amounts in £'000	Note	2024	2023 (Restated)[1,2]
Cash flow from investment activities			
Investment in intangible assets	13	(701)	(5)
Investment in property and equipment	14, 15	(481)	(294)
Investment in debt securities[2]	12	(183,290)	(192,400)
Maturity of debt securities[2]	12	95,000	85,000
Cash flow from investment activities		**(89,472)**	**(107,699)**
Cashflow from financing activities			
Dividends paid		(1,400)	(2,800)
Payment of lease liabilities	15	(175)	(168)
Increase in debt issued and borrowed funds	20	-	3
Cash flow from financing activities		**(1,575)**	**(2,965)**
Net cash flow		**(4,676)**	**(80,564)**
Cash and cash equivalents at the beginning of the year		313,953	394,517
Cash and cash equivalents at the end of the year		309,277	313,953
Represented by:			
Cash and cash equivalents	9	298,593	282,378
On demand deposits with credit institutions	10	10,684	30,472
Other loans and advances to credit institutions	10	-	1,103

[1] In 2024, the increase in interest receivable on debt securities line item has been remapped from Cashflow from investment activities, to Cash flow from operating activities within the adjustments to Profit Before Tax. This change reflects the fact that in the interest on debt securities is a component of net interest income, reported in the Statement of comprehensive income, and the remapping is necessary to reflect the timing difference between recognition of interest income and the actual cash receipt. The adjustment impacts the prior year where Cash flow from operating activities has decreased by £1.8m and Cashflow from investment activities has increased by £1.8m.

[2] Prior period has been restated for Investment in debt securities and Maturity of debt securities to reflect some purchases and maturities on a gross basis. The restatement does not have any impact on total cash flow from investing activities or net cash flow. Investment in debt securities has been restated from £162.4m to £192.4m and Maturity of debt securities has been restated from £55m to £85m.

Accompanying Notes on pages 100-147 form an integral part of these financial statements.

Significant accounting policies

General
Triodos Bank UK Limited (Triodos Bank UK) is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Bank's registered office is Deanery Road, Bristol, BS1 5AS, and it is a wholly owned subsidiary of Triodos Bank N.V., a company incorporated in the Netherlands.

The Bank's principal activity is to finance companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements and related notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The Directors present the financial statements of Triodos Bank UK for the year ended 31 December 2024. The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

The financial statements are presented on the historical cost basis.

At the time of approving the financial statements, the directors have a reasonable expectation that the Bank has adequate resources to continue in operation for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

All financial information presented in the financial statements has been rounded to the nearest thousand pounds unless otherwise stated.

New and revised accounting pronouncements and changes to accounting standards are not deemed to have a material impact for Triodos Bank UK. The early adoption of new accounting standards is not anticipated in the following year.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in the full consolidation in the consolidated financial statements of its ultimate parent Triodos Bank N.V., a company incorporated in the Netherlands at Hoofdstraat 10, Driebergen-Rijsenburg, PO Box 55, 3700 AB Zeist, Netherlands.

Foreign currency transactions
The functional and presentational currency of the Bank is pound sterling as it is the currency of the primary economic environment in which the Bank operates.

Transactions in foreign currencies are recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on the settlement of foreign currency transactions and from the translation of monetary assets and liabilities are reported in Other operating income or expense.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Revenue recognition
A. Net interest income
Interest income or expense on financial instruments is determined using the effective interest rate method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount.

Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate to the gross carrying amount. When a financial asset becomes credit-impaired and is therefore regarded as in Stage 3 of the expected credit loss model, the interest income is calculated by applying the effective interest rate to the net amortised cost.

B. Fee and commission income

Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer, in line with the requirements of International Financial Reporting Standard 15 (IFRS 15). The arrangements are always contractual and the cost of providing the service is incurred as each service is performed. The price is usually fixed and always determinable. The below table explains the different fee income categories involved when income is recognised.

Type of service	Nature and timing of satisfaction of performance obligations	Income recognition
Payment transactions	Fees charged for processing payment transactions of customers. Fees are charged when the transaction is processed.	Income related to transactions is recognised at the point in time when the transaction takes place.
Lending	These comprise non-utilisation fees and other non-material fees. Performance obligation is satisfied for non-utilisation fees when the facility has been held available as contractually agreed.	Non-utilisation fees are recognised over time based on amounts contractually due for holding facilities available.
Fund Distribution	Fees taken for distribution of the funds of Triodos Investment Management B.V., a group company, in the UK. Fees are calculated based on the value of funds under management on a daily basis and paid quarterly.	The investment management services are a single performance obligation as they represent a continuous investment fund management service. The investment management fees are recognised over time, based on 0.4% of average investment funds held.
Corporate Finance	These comprise fees for capital raising advisory and modelling work. For each of these fee categories, contracts may contain several performance obligations.	Values are allocated to each performance obligation at inception of the contract, and revenue is recognised on completion of each performance obligation.

Personnel expenses

Short-term co-worker benefits, such as salaries, paid absences, other benefits and social security costs are accounted for on an accruals basis over the period in which the co-workers provide the related services.

The Bank operates a defined contribution pension plan. The commitment to the participating co-workers consists of paying any outstanding contribution. Co-worker contributions are optional, and employer contributions amount to between 8% and 10%. These contributions are recorded as an expense under personnel expenses. Contributions that are due but have not yet been paid are recorded as liabilities.

Financial instruments

The Bank recognises financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, initially on the trade date, i.e., the date on which the Bank becomes a party to the

contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises deposits from customers when funds are received.

On initial recognition, financial instruments are measured at fair value. Subsequently they are classified in one of the following categories. Financial liabilities cannot be reclassified. Financial assets are only reclassified where there has been a change in the business model.

Designated as at fair value through profit or loss
A financial instrument may be designated as at fair value through profit or loss only if such designation:

- eliminates or significantly reduces a measurement or recognition inconsistency;
- applies to a group of financial assets, financial liabilities or both, that the Bank manages and evaluates on a fair value basis; or
- relates to a financial liability that contains an embedded derivative which is not evidently closely related to the host contract.

Financial assets that are designated on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses are recognised in profit or loss as they arise.

Amortised cost assets
A financial instrument may be measured at amortised cost if:

- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Assets designated at fair value through other comprehensive income
An equity instrument may be designated irrevocably at fair value through other comprehensive income. Other assets must meet both of the following criteria:

- the asset is held within a business model whose objective is both to hold assets to collect contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Fair value through profit or loss
A financial liability is measured at fair value if it arises from: a financial guarantee contract; a commitment to lend at below market rates; an obligation arising from the failed sale of an asset; or a contingent consideration for a business acquisition. Fair value through profit or loss is the default classification for a financial asset.

Amortised cost liabilities
All financial liabilities that are not subsequently measured at fair value are measured at amortised cost.

Application
To determine the appropriate method for subsequent measurement, an assessment is made of the business model of each portfolio of financial instruments. Business models are assessed at portfolio level, being the level at which they are managed. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives of the portfolio, its risk management and the ability to monitor sales of assets from a portfolio. The criteria for classifying cash flows as solely principal and interest are assessed against the contractual terms of a facility, with attention to leverage features; prepayment and extension terms; and triggers that might reset the effective rate of interest.

All of the Bank's financial instruments are measured at amortised cost less impairment allowance where applicable.

Impairment of financial assets
At each balance sheet date each financial asset and off-balance sheet liability is assessed for impairment. Loss allowances are calculated for all financial assets and off-

balance sheet liabilities, regardless of the default status. These are classified into the following categories in line with IFRS 9:

- Stage 1: Assets that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit loss (ECL) is recognised and interest income is calculated on the gross carrying amount of the asset. 12-month ECLs are the expected credit losses that result from default events that are expected within 12 months after the reporting date.
- Stage 2: For assets that have experienced a significant increase in credit risk since initial recognition, but have not defaulted, lifetime ECLs are recognised, and interest income is still calculated on the gross carrying amount of the asset. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3: For assets that have defaulted at the reporting date, lifetime ECLs are recognised and interest income is calculated on the net carrying amount.
- Purchased or originated credit-impaired (POCI): For assets that have objective evidence of impairment at purchase or origination, lifetime ECLs are recognised, and interest income is calculated using the credit-adjusted effective interest rate on the net carrying amount.

All corporate loans in the portfolio are periodically reviewed on an individual basis to assess creditworthiness. The frequency depends on the debtor's creditworthiness as assessed at the prior review, the degree of market exposure and the market in which the debtor operates. The credit committee discusses and, if necessary, takes action with respect to overdue payments from debtors. If there is any doubt regarding the continuity of the debtor's core operations and/or a debtor fails to settle agreed interest and repayment instalments for a prolonged period, this debtor falls under the category of doubtful debtors and will be managed intensively, resulting in more frequent monitoring.

Expected credit losses are a probability weighted estimate of credit losses, considering various macro-economic scenarios.

Significant increase in credit risk

When determining whether the risk of default on a financial asset or off-balance sheet liability has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by assessing the following triggers:

- Comparing the Probability of Default (PD) as at the reporting date with the PD at the time of initial recognition of the exposure;
- Forborne status;
- Management intensity;
- Past due status; and
- Being a purchased or originated credit-impaired (POCI) product, that became performing again.

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators, for example developments in the sector; and
- a backstop of 30 days past due.

For corporate loans the Bank determines PD based on its internal credit rating system, which comprises 14 grades, each of which corresponds to a PD. The use of these grades is explained further in the Critical judgements and estimates accounting policy.

Corporate loans are assessed at inception and then periodically, and movements in internal credit rating provide the basis to determine whether a significant increase in credit risk has occurred. The credit quality of all counterparties is reviewed and rated at least annually. In addition, the Bank's focus on relationship management supports early identification of risk factors. The Bank's approach to determining whether a significant increase in credit risk has occurred is, in large part, based on its internal credit rating system.

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying judgement of experienced credit risk professionals. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposures	Retail exposures	All exposures
• Information obtained during periodic review of customer files e.g., audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management and senior management changes. • Data from credit reference agencies, press articles and changes in external credit ratings. • Quoted bond and Credit Default Swap (CDS) prices for the borrower where available. • Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.	• Internally collected data on customer behaviour e.g., utilisation of overdraft facilities. • Affordability metrics. • External data from credit reference agencies, including industry-standard credit scores.	• Payment record – this includes overdue status as well as a range of variables about payment ratios. • Utilisation of the granted limit. • Requests for and granting of forbearance. • Existing and forecast changes in business, financial and economic conditions.

The internal credit rating system comprises 14 ratings as explained in the Impairment of financial assets accounting policy:

- Loans with initial ratings 1-3 are considered to exhibit a significant increase in credit risk if they are downgraded by four grades;
- Loans with initial ratings 4-7 are considered to exhibit a significant increase in credit risk if they are downgraded by three grades;
- Loans with initial ratings 8-9 are considered to exhibit a significant increase in credit risk if they are downgraded by two grades;
- Loans with initial ratings 10-12 are considered to exhibit a significant increase in credit risk if they are downgraded by one grade; and
- Loans with ratings of 14 are considered to be in default. Therefore a downgrade of a loan with rating 13 would put it in default.

Definition of default
In line with its Default, Forbearance and Provisioning Policy, the Bank considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- The borrower is more than 90 days past due on any material credit obligation to the Bank.

Financial assets are considered to be past due when any amount of principal, interest or fee has not been paid at the date it was due. Materiality is relative to the size of the exposure.

Overdrafts are considered as being past due when:

- The customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- Qualitative: e.g., breaches of covenant;
- Quantitative: e.g., overdue status and non-payment on another obligation of the same issuer to the Bank; and
- Based on both data developed internally and data obtained from external sources.

Inputs into the assessment of whether a financial asset is in default and their significance may vary over time to reflect changes in circumstances.

Generating the term structure of PD
Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by sector and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Write-offs
Financial assets are written off when the Bank concludes that there is no longer any realistic prospect of recovery of part or all of the financial asset. For loans that are individually assessed for impairment, the timing of write off is determined on a case-by-case basis. Such loans are reviewed regularly and written off when no further cash flows are expected.

Modified assets and liabilities
The Bank can make concessions or modifications to original terms of loans as a response to a borrower's request or financial difficulties.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate (EIR), the Bank records a modification gain or loss. A modification is considered to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial asset of, or greater than, ten percent. Modified loans that had a prepayment clause with no or insignificant prepayment fee in their original terms, and modified loans for which the contractual prepayment fee was paid upon modification are considered to be prepaid and are therefore derecognised.

Derecognition due to substantial modification of terms and conditions
The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at recognition date triggering POCI classification.

When assessing whether to derecognise a loan to a customer, amongst others the Bank considers the following qualitative factors:

- Change in currency of the loan;
- Change in counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion; and
- Restructuring.

If the difference between the net present value of the modified cash flows using the original effective interest rate and the carrying value is equal to or great than ten percent of the carrying value, the modification is also deemed substantial.

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk, including classification as Stage 3.

Forbearance
When the borrower is in financial difficulty, rather than taking possession or otherwise enforcing collection of collateral, loan terms can be modified. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy.

Indicators of financial difficulties include defaults on covenants or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer must meet all of the following criteria:

- All of its facilities have to be performing;
- The probation period of 24 months has passed from the date the forborne contract was considered performing;
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period; and
- The customer does not have any contracts that are more than 30 days past due.

Cash and cash equivalents
On the balance sheet, cash and cash equivalents comprise cash with central banks. Loans and advances to credit institutions with an original maturity of less than three months are additionally included in the cash flow statement.

Cash and cash equivalents are carried at amortised cost on the balance sheet.

Intangible fixed assets
Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss over the asset's estimated economic life using methods that best reflect the pattern of economic benefits. These estimated useful economic lives are:

- Internally developed assets: 5 to 10 years
- Computer software: 3 to 5 years

Direct costs relating to internally developed assets are capitalised once technical feasibility and economic viability have been established. These costs include co-worker costs and the costs of materials and services. Capitalisation of costs ceases when the asset is capable of operating as intended.

During and after development, accumulated costs are reviewed for impairment against the benefits that the asset is expected to generate. Costs incurred prior to the establishment of technical feasibility and economic viability are expensed as incurred.

Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss on a straight-line basis so as to write off the depreciable amount of each item of property, plant and equipment over its estimated useful life. The depreciable amount is the cost of an asset less its residual value.

The estimated useful lives of the Bank's property, plant and equipment are:

- Property for own use: 40 years (or lease term if shorter)
- Plant and equipment: 3 to 5 years

The residual value and useful life of property, plant and equipment are reviewed at each balance sheet date and updated for any changes to previous estimates.

Leases
As a lessee
The Bank assesses whether a contract is or contains a lease, at inception of a contract. The Bank recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- Lease payments to be made under extension options, when it is reasonably certain that the option will be used.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right of use assets are depreciated over the shorter of lease term or useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Bank expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The impacts on profit or loss are the depreciation charges on the right of use assets and the interest charges on the lease liabilities.

As a lessor
The Bank enters into lease agreements as a lessor with respect to some of its office space.

Leases for which the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Bank does not act as a lessor for any finance leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Bank applies IFRS 15 to allocate the consideration under the contract to each component.

Impairment of intangible assets, property, plant and equipment, and right of use assets
At each balance sheet date, the Bank assesses whether there is any indication that its intangible assets, property, plant and equipment or right of use assets are impaired. If any such indication exists, it estimates the recoverable amount of the asset and the impairment loss if any.

If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit discounted at a rate that reflects market interest rates adjusted for risks specific to the asset or cash-generating unit that have not been taken into account in estimating future cash flows. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in profit or loss and the carrying value of the asset reduced by the amount of the loss.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill cannot be reversed.

Provisions and contingent liabilities
The Bank recognises a provision when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable, or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information

about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

Tax
Income tax expense, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in profit or loss or equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the asset will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Deferred tax assets and liabilities are offset where the Bank has a legally enforceable right to offset, and where they relate to income taxes levied by the same taxation authority.

Critical judgements and estimates
UK company law and UK-adopted international accounting standards require the Board, in preparing the financial statements, to select suitable accounting policies, apply them consistently and where necessary make judgements and estimates that are reasonable and prudent. The Bank's reported results are sensitive to the accounting policies, judgements and estimates that underlie the preparation of its financial statements.

Judgements and estimates are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods.

The judgements and estimates that, in the opinion of the directors, have the most significant effect on the amounts recognised in the financial statements are discussed below, and relate to loan impairment. See the Impairment of financial assets accounting policy for an explanation of the calculation of impairment of financial assets under IFRS 9.

The measurement of credit impairment under the expected credit loss model depends on management's assessment of whether a significant increase in credit risk has occurred for each loan, its economic forecasts including the probability of each of these, and its modelling of expected performance of each loan in each economic scenario.

Stage 3 impairments are assessed on an exposure-by-exposure basis using a probability weighted financial impact assessment. This is calculated across the range of potential resolutions for each individual defaulted exposure (such as Cure, Normal Sale or Forced Sale) and includes consideration of collateral valuation (based on the Collateral Valuation Policy and using external valuation, where necessary) adjusted by estimated applicable selling costs and categorised asset quality to derive expected sale proceeds.

A. Key Judgement: Valuation of Collateral
As noted above, stage 3 ECLs are assessed on an individual basis by the Special Asset Management (SAM) team using a specific provision calculator for each specific client based on different scenarios which include multiple economic scenarios, recovery values based on the valuation of collateral.

These assessments contain specific multiple economic scenarios based on cure, voluntary sale and forced sale scenarios based on the individual characteristics associated with each case.

Loans classified as stage 3 were £34.4m (2023: £68.2m) and provisions on those loans totalled £4.8m (2023:

£8.8m). In assessing the provision values, the critical judgement is deemed to be collateral valuation where sensitivity analysis has been performed across the stage 3 portfolio.

From the sensitivity analysis performed, a 5% fall in collateral would have a £0.6m ECL impact and a 10% fall would cause a £1.1m ECL impact. A 5% increase in collateral value would then have a £0.6m ECL impact and a 10% increase would have a £1.1m ECL impact.

Notes to the financial statements

1. Interest income

An analysis of the company's revenue is as follows:

Amounts in £'000	2024	2023
Cash and cash equivalents	13,531	16,452
Loans and advances to credit institutions	116	110
Loans and advances to customers	69,145	65,440
Debt securities	16,026	6,276
	98,818	**88,278**

The interest income includes that derived from loans and related transactions, as well as related commissions, which by their nature are similar to interest payments.

Interest income can be broken down by geography as follows:

	2024					
Amounts in £'000	UK	Ireland	Other EU	USA	Asia	Total
Cash and cash equivalents	13,531	-	-	-	-	13,531
Loans and advances to credit institutions	116	-	-	-	-	116
Loans and advances to customers	68,549	596	-	-	-	69,145
Debt securities	6,092	-	4,908	3,593	1,433	16,026
	88,288	**596**	**4,908**	**3,593**	**1,433**	**98,818**

Amounts in £'000	2023					
	UK	Ireland	Other EU	USA	Asia	Total
Cash and cash equivalents	16,452	-	-	-	-	16,452
Loans and advances to credit institutions	110	-	-	-	-	110
Loans and advances to customers	64,677	763	-	-	-	65,440
Debt securities	3,003	-	2,709	564	-	6,276
	84,242	**763**	**2,709**	**564**	**-**	**88,278**

Income in Ireland is earned on a portfolio of loans and advances to customers with a value of £12.5 million at 31 December 2024 (2023: £17.0 million). This income stream is not affected by the UK's departure from the European Union.

2. Interest expense

Amounts in £'000	2024	2023
Deposits from Credit Institutions	260	277
Customer Accounts	43,108	34,100
Lease liability	19	21
Bond interest	228	228
Other	(42)	11
	43,573	**34,637**

3. Net fee and commission income

Amounts in £'000	2024	2023
Payment transactions including personal current account fees	1,677	1,645
Lending	815	1,124
Guarantee fees	16	14
Fund distribution	1,076	973
Corporate finance fees	493	592
Total fee and commission income	**4,077**	**4,348**
Payment transactions including personal current account fees	1,779	1,836
Corporate finance fees	19	48
Lending	233	411
Total fee and commission expense	**2,031**	**2,295**
Net fee and commission income	**2,046**	**2,053**

4. Other operating income/(expense)

Amounts in £'000	2024	2023
Rental income from property leases	29	28
Exchange results for foreign currency transactions	18	(72)
Other	-	(5)
	47	**(49)**

5. Personnel expenses

Amounts in £'000	2024	2023
Wages and salaries	17,930	15,390
Social security costs	1,763	1,462
Other pension costs	1,617	1,333
	21,310	**18,185**

The Bank employs some co-workers who work for other group companies, and other group companies employ some co-workers who work for the Bank. These costs are recharged including a mark-up, as appropriate. Intercompany co-worker recharges represent the net of the income earned from charging intercompany entities for the time of the Bank's co-workers, less the cost of paying for co-workers recharged to the Bank.

Average number of co-workers during the year:

	2024	2023
Executive directors	3	2
Full-time	282	253
Part-time	67	62
	352	**317**

The pension scheme is a defined contribution scheme that has been placed with a life insurance company in the United Kingdom, with funds invested in socially responsible investment funds. The commitment to the participating co-workers consists of paying any outstanding contribution to the pension scheme.

Participation in the pension scheme is optional – co-workers are automatically enrolled but can choose to opt out. Regardless of co-worker contribution the Bank's contribution is 8% of salary, increasing to 10% after the first year of service. Co-workers may contribute any amount of their choosing.

The total cost charged to profit and loss of £1,617,000 (2023: £1,333,000) represents contributions payable by the Bank to the scheme at rates specified in the rules of the scheme. As at 31 December 2024, £358,000 of contributions due in respect of the current year that have not yet been paid over to the scheme were included in Other payables (2023: £154,000).

Directors' remuneration

The remuneration of the directors, who are the key management personnel of the Bank, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Amounts in £'000	2024	2023
Short-term employee benefits	678	541
Post-employment benefits	45	35
	723	**576**

Three directors are accruing benefits under a money purchase pension scheme (2023: two).

Information about the highest paid director during the year ended 31 December 2024 is as follows:

Amounts in £'000	2024	2023
Short-term employee benefits	221	203
Post-employment benefits	21	19
	242	**222**

6. Other administrative expenses

Amounts in £'000	2024	2023
IT costs	510	453
Intercompany IT costs	7,505	6,804
Intercompany recharges	5,845	5,271
Marketing costs	1,118	1,114
Office costs	1,550	1,396
Accommodation expenses	879	726
Fees for advice and auditor	1,847	2,813
External administration costs	374	543
Regulatory levies	303	113
Travel and lodging expenses	291	224
Depreciation and amortisation	1,082	1,045
Other costs	4,089	2,675
	25,393	**23,177**

In 2024, Regulatory levies includes the levy associated with the Financial Services Compensation Scheme (FSCS) as well as the Bank of England Levy that replaced the Cash Ratio Deposit Scheme (CRDS) from 1 March 2024.

Other costs predominantly relates to irrecoverable Value Added Tax (VAT) on intercompany recharges from Triodos Bank N.V..

7. Auditors' fees

Amounts in £'000	2024	2023
Statutory audit	236	224
CASS audit	158	150
Other assurance work	37	35
	431	**409**

8. Tax on profit on ordinary activities

Amounts in £'000	2024	2023
Corporation tax:		
Current year	1,433	66
Adjustments in respect of prior years	-	114
	1,433	**180**
Deferred tax (see Note 16)		
Origination and reversal of temporary differences	34	(53)
	34	**(53)**
Total tax expense	**1,467**	**127**

Reconciliation of effective tax
The tax on the Bank's profit before tax differs (2023: differs) from the theoretical amount that would arise using the corporation tax rate in the UK as follows:

Amounts in £'000 unless otherwise stated	2024	2023
Profit before tax on continuing operations	6,970	2,915
Statutory tax rate	25.0%	23.5%
Tax at the UK corporation tax rate	1,742	685
Tax effect of non-deductible expenses in determining taxable profit	176	197
Tax effect of non-taxable income in determining taxable profit	(205)	(151)
Community investment tax relief	(280)	(665)
Adjustments in respect of prior years	-	114
Decrease in carrying value of deferred tax asset	34	(53)
Total tax expense	**1,467**	**127**

Amounts in £'000 unless otherwise stated	2024	2023
Effective tax rate	**21.0%**	**4.3%**
Effective tax rate excluding CITR	**25.1%**	**27.2%**

The main rate of corporation tax was 25% for all of 2024, but the tax expense for the year is lower than would be implied by the current statutory tax rate due to lending that qualifies for Community Investment Tax Relief (CITR). The CITR scheme encourages investment in disadvantaged communities by giving tax relief to investors who back businesses and other enterprises in less advantaged areas by investing in accredited Community Development Finance Institutions (CDFIs). The Bank has made such investments. The tax relief is worth up to 25% of the value of the investment in the CDFI. The relief is spread over five years, starting with the year in which the investment is made.

The Bank invests in CDFIs because it believes in the benefits they provide to the communities in which they operate. The tax relief it obtains enables the Bank to provide investment to the CDFIs at a low margin while also maintaining an appropriate return to the Bank on the investment. The tax relief obtained is provided strictly in accordance with UK tax law which has been made available to encourage this activity and careful consideration is taken to ensure the Bank does not achieve a return higher than would be expected if the tax relief had not been obtained.

Total tax borne
The table below sets out the amount of tax borne by the Bank in the year in respect of each of the most significant taxes.

Amounts in £'000	2024	2023
Corporation tax	958	1,146
Irrecoverable VAT	4,481	3,692
Employer's NI	1,775	1,439
Business rates	279	130
Total tax borne	**7,493**	**6,407**

All figures represent amounts paid to HMRC except for irrecoverable VAT, which is the non-deductible VAT paid on invoices to suppliers.

The Bank's approach to tax reflects its values. It sees paying taxes not as a burden, but as a contribution to the society in which the Bank operates. Taxes are an important instrument to fund essential public services such as education, healthcare, social support and infrastructure. As such, companies should pay taxes as an important part of their role as a responsible business.

9. Cash and cash equivalents

Amounts in £'000	31-Dec-24	31-Dec-23
Cash with the Bank of England	298,593	278,458
Mandatory reserve with the Bank of England	-	3,920
Balance sheet value as at 31 December	**298,593**	**282,378**

Cash held with the Bank of England is held on demand, except for the mandatory reserve within the Cash Ratio Deposit Scheme (CRDS), which was encumbered. The CRDS was replaced by the Bank of England Levy on 1 March 2024, so the mandatory reserve is no longer required.

10. Loans and advances to credit institutions

Amounts falling due within one year:

Amounts in £'000	31-Dec-24	31-Dec-23
On demand deposits with credit institutions	10,684	30,472
Other loans and advances to credit institutions	-	1,104
Expected credit loss	-	(1)
Balance sheet value as at 31 December	**10,684**	**31,575**

11. Loans and advances to customers

	31-Dec-24			31-Dec-23		
Amounts in £'000	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
Corporate loans	1,089,457	(6,087)	1,083,370	1,116,027	(9,665)	1,106,362
Current accounts	5,083	(40)	5,043	5,067	(52)	5,015
Total	**1,094,540**	**(6,127)**	**1,088,413**	**1,121,094**	**(9,717)**	**1,111,377**

12. Debt Securities

Amounts in £'000	31-Dec-24	31-Dec-23
Issued by public bodies	127,206	171,574
Issued by other issuers	424,466	285,118
Expected credit loss	(3)	(3)
Balance sheet value as at 31 December	**551,669**	**456,689**

All debt securities are listed.

The balance sheet value of debt securities excluding expected credit loss provision can be broken down as follows:

31 December 2024 Amounts in £'000	Term of maturity less than a year	Term of maturity more than a year
Public bodies		
Central government	40,451	86,754
Regional government and public sector entities	124	40,165
Total public bodies	**40,575**	**126,919**
Other issuers		
Credit institutions	40,712	79,361
Corporate debt securities	1,332	7,992
Multilateral development banks	66,602	188,179
Total other issuers	**108,646**	**275,532**
Total	**149,221**	**402,451**

31 December 2023 Amounts in £'000	Term of maturity less than a year	Term of maturity more than a year
Public bodies		
Central government	70,669	100,905
Regional government and public sector entities	19,898	40,207
Total public bodies	**90,567**	**141,112**
Other issuers		
Credit institutions	5,219	77,296
Corporate debt securities	48	9,312
Multilateral development banks	1,289	131,849
Total other issuers	**6,556**	**218,457**
Total	**97,123**	**359,569**

The movement in debt securities in the year is as follows:

Amounts in £'000	2024	2023
Balance sheet value as at 1 January	**456,689**	**345,801**
Purchases	191,500	200,000
Sales	-	-
Maturity	(95,000)	(85,000)
Net premium and discount amortisation	(3,683)	(5,889)
Interest receivable movement	2,163	1,777
Expected credit loss movement	-	-
Balance sheet value as at 31 December	**551,669**	**456,689**

13. Intangible fixed assets

Amounts in £'000	Internally Developed Assets	Computer Software	Total
Cost			
At 1 January 2023	**2,107**	**115**	**2,222**
Additions	-	5	5
At 31 December 2023	**2,107**	**120**	**2,227**
Additions	701	-	701
At 31 December 2024	**2,808**	**120**	**2,928**
Accumulated Amortisation			
At 1 January 2023	**(1,029)**	**(31)**	**(1,060)**
Amortisation charge for the year	(211)	(29)	(240)
At 31 December 2023	**(1,240)**	**(60)**	**(1,300)**
Amortisation charge for the year	(228)	(29)	(257)
At 31 December 2024	**(1,468)**	**(89)**	**(1,557)**
Net Book Value			
At 31 December 2023	867	60	927
At 31 December 2024	**1,340**	**31**	**1,371**

Internally developed assets
The internally developed assets relate to development of the Bank's personal current account offering as well as the development of Triodos Bank UK's in-house investments platform which went live in December 2022.

These assets have an expected useful economic life of ten years. The remaining useful economic life of the assets as at 31 December 2024 is three and eight years for the personal current account offering and the in-house investments platform respectively.

Computer software
Computer software relates to software that has been purchased or internally developed. Computer software has a finite useful economic life of three years.

General
There are no restrictions on the title of intangible assets and no intangible assets have been pledged as security for liabilities.

Amortisation of intangible assets is included in Other administrative expenses in the Statement of Comprehensive Income.

No research and development expenditure has been incurred during the year (2023: £nil).

14. Property, plant and equipment

Amounts in £'000	Property for Own Use	Plant & Equipment	Total
Cost			
At 1 January 2023	14,819	1,992	16,811
Additions	128	148	276
Disposals	-	(29)	(29)
At 31 December 2023	**14,947**	**2,111**	**17,058**
Additions	148	323	471
Disposals	-	-	-
At 31 December 2024	**15,095**	**2,434**	**17,529**
Accumulated Depreciation			
At 1 January 2023	(3,490)	(1,697)	(5,187)
Depreciation charge for the year	(464)	(186)	(650)
Disposals	-	9	9
At 31 December 2023	**(3,954)**	**(1,874)**	**(5,828)**
Depreciation charge for the year	(475)	(194)	(669)
Disposals	-	-	-
At 31 December 2024	**(4,429)**	**(2,068)**	**(6,497)**
Net Book Value			
At 31 December 2023	10,993	237	11,230
At 31 December 2024	**10,666**	**366**	**11,032**

There are no restrictions on title on property, plant and equipment. Property, plant and equipment has not been pledged as security for liabilities.

15. Leases

The Bank has two (2023: three) land and building leases for its office space for which right of use assets and lease liabilities are recognised. The bank does not recognise right of use assets or lease liabilities for any other class of leases.

The property in London is held on a lease of one year from March 2020 renewed annually. The Bank owns the property in Bristol, but the land on which it is built is held on a long leasehold from Bristol City Council for 150 years from September 2010. Information about these leases is shown in below.

Right of use assets

Amounts in £'000	2024	2023
Cost		
At 1 January	1,530	1,512
Additions	10	18
At 31 December	**1,540**	**1,530**
Accumulated depreciation and impairment		
At 1 January	(618)	(463)
Charge for the year	(156)	(155)
At 31 December	**(774)**	**(618)**
Net book value		
At 1 January	912	1,049
At 31 December	**766**	**912**

Lease liabilities

Amounts in £'000	2024	2023
Maturity analysis - contractual undiscounted cash flow		
Less than one year	55	166
One to five years	136	155
More than five years	881	915
Total undiscounted lease liabilities as at 31 December	**1,072**	**1,236**
Lease liabilities included in the balance sheet		
Current	39	137
Non-current	764	813
At 31 December	**803**	**950**

Amounts recognised in the income statement

Amounts in £'000	2024	2023
Interest on lease liabilities	19	21
Short term leases	17	-
Expenses of low value leases	8	14
	44	**35**

Amounts recognised in statement of cash flows
During the year £175,000 was recognised in the statement of cash flows as outflow for leases (2023: £168,000).

Other leases
The Bank also leases plant and machinery with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Bank has elected not to recognise right of use assets and lease liabilities for these leases.

Leases as lessor
The Bank leases out space at its property in Bristol. At 31 December the future minimum lease payments under non-cancellable leases were receivable as follows:

Amounts in £'000	2024	2023
Less than one year	13	13
Between one and five years	39	52
Balance sheet value as at 31 December	**52**	**65**

During the year, lease income of £29,000 (2023:£28,000) was included in Other income.

16. Deferred tax

The movements on the deferred tax accounts are as follows:

Amounts in £'000	Fixed assets	Effective interest rate accounting	Expected credit losses	Other provisions	Total
(Liability)/Asset at 1 January 2023	(18)	146	107	-	235
Current year deferred tax credit/(charge)	68	(40)	(16)	41	53
Asset at 31 December 2023	**50**	**106**	**91**	**41**	**288**
Current year deferred tax credit/(charge)	23	(44)	(17)	4	(34)
Asset at 31 December 2024	**73**	**62**	**74**	**45**	**254**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised, or the liability is settled, based on tax rates that have been enacted or substantively enacted as at the Balance Sheet date.

Included in the net deferred tax asset is £230,000 (2023: £111,000) due more than twelve months after the end of the reporting period.

17. Other assets

Amounts falling due within one year:

Amounts in £'000	31-Dec-24	31-Dec-23
Other receivables	782	608
Other prepayments and accrued income	765	1,191
Balance sheet value as at 31 December	**1,547**	**1,799**

The Directors consider that the carrying amount of other assets approximates their fair value.

18. Deposits from credit institutions

Amounts in £'000	31-Dec-24	31-Dec-23
Repayable on demand	2,742	5,708
With agreed maturity dates or periods of notice	10,001	12,300
Balance sheet value as at 31 December	**12,743**	**18,008**

All amounts are payable to the Bank's parent, Triodos Bank N.V., which provides funding for the Bank's Euro lending. Operational balances between the Bank and Triodos Bank N.V. are included in Note 21.

19. Customer accounts

Amounts in £'000	31-Dec-24	31-Dec-23
Personal current accounts	140,012	151,531
Business current accounts	183,078	203,817
Personal savings accounts	1,099,156	1,004,504
Business savings accounts	196,016	215,464
Personal fixed term accounts	106,197	78,234
Business fixed term accounts	11,543	10,501
Balance sheet value as at 31 December	**1,736,002**	**1,664,051**

The customer balances disclosed in the note above have been remapped to provide greater granularity and better align with the Bank's current product mix. This mapping ensures a more accurate reflection of the composition of deposits by product.

To maintain consistency and comparability, the prior period balances have been restated using the same mapping methodology; however, the underlying total customer account balances remain unchanged.

20. Debt issued

Amounts in £'000	31-Dec-24	31-Dec-23
Tier 2 bonds - nominal value	5,695	5,695
Tier 2 bonds - accrued interest	41	41
Balance sheet value as at 31 December	**5,736**	**5,736**

On 23 December 2020 the Bank issued unsecured bonds with a nominal value of £5.695 million, maturing in 2030. The bonds pay a fixed interest rate of 4% until September 2025, at which point the Bank may elect to repay them in full, or the interest rate will reset to 3.9% above the Bank of England base rate for the remainder of the term.

As at the reporting date, the maturity of the bond has been classified as beyond 5 years in note 26, reflecting its contractual maturity in 2030. However, the directors are currently assessing the option to repay the bond in full in 2025 under the terms of the call option.

If the call option is exercised, the Bank will provide bondholders with the required notice in accordance with the bond's terms.

21. Other liabilities

Amounts falling due within one year:

Amounts in £'000	31-Dec-24	31-Dec-23
Accruals and deferred income	1,532	1,804
Amounts owed to group undertakings	693	1,946
Other taxation and social security	1,095	867
Other payables	3,985	8,113
Balance sheet value as at 31 December	**7,305**	**12,730**

The directors consider that the carrying amount of other liabilities approximates their fair value.

22. Provisions

Amounts in £'000	31-Dec-24	31-Dec-23
Vitality leave	180	164
Dilapidation	-	15
Compliance remediation provision	5	-
Other provisions	787	-
Expected credit loss on guarantees	2	5
Expected credit loss on loan commitments	101	71
Balance sheet value as at 31 December	**1,075**	**255**

The more significant provisions are as follows:

- The vitality leave provision is for the anticipated costs of paying salaries of co-workers whilst on vitality leave. This is two months of partially paid leave, for which co-workers become eligible upon completion of five years of service.
- The dilapidation provision was for anticipated costs of restoring the Edinburgh office at the end of the lease term. The Edinburgh office's lease term ended in 2024 and the dilapidation provision was utilised to restore the office space back to its original condition, in accordance with the lease agreement.
- The compliance remediation provision is for compliance remediation spend associated with the closure of our Personal Current Account overdraft product. Almost all of the remediation costs have been paid in 2024.

- The other provision is for a present obligation arising as a result of a 2024 event where there is a liability of uncertain timing or amount.
- Expected credit loss on guarantees and expected credit loss on loan commitments are calculated in line with the requirements of IFRS 9.

The balance sheet value of provisions can be broken down as follows:

31 December 2024 Amounts in £'000	**Term of maturity less than a year**	**Term of maturity more than a year**
Vitality leave	105	75
Dilapidation	-	-
Compliance Remediation provision	5	-
Other provisions	787	-
Expected credit loss on guarantees	2	-
Expected credit loss on loan commitments	52	49
Total	**951**	**124**

31 December 2023 Amounts in £'000	**Term of maturity less than a year**	**Term of maturity more than a year**
Vitality leave	104	60
Dilapidation	-	15
Expected credit loss on guarantees	5	-
Expected credit loss on loan commitments	56	15
Total	**165**	**90**

The movements on provisions are as follows:

Amounts in £'000	Vitality leave provision	Compliance remediation provision	Dilapidation provision	Other provisions	Expected credit loss guarantees	Expected credit loss loan commitments	Total
As at 1 January 2023	**91**	**-**	**15**	**-**	**8**	**220**	**334**
Addition	73	-	-	-	-	-	73
Utilisation	-	-	-	-	-	-	-
Release	-	-	-	-	(3)	(149)	(152)
As at 31 December 2023	**164**	**-**	**15**	**-**	**5**	**71**	**255**
Addition	16	380	-	787	-	30	1,213
Utilisation	-	(375)	(15)	-	-	-	(390)
Release	-	-	-	-	(3)	-	(3)
As at 31 December 2024	**180**	**5**	**-**	**787**	**2**	**101**	**1,075**

23. Called up share capital

Allotted, called up and fully paid ordinary shares of £1 each.

Amounts in £'000	31-Dec-24	31-Dec-23
Issued share capital	172,000	172,000
Balance sheet value as at 31 December	**172,000**	**172,000**

All shares are ordinary share held by Triodos Bank N.V.

24. Related party transactions

Trading transactions
Balances and transactions between the Bank and its related parties other than key management personnel are disclosed below:

	Services provided		Services received	
Amounts in £'000	2024	2023	2024	2023
Parent				
IT costs	-	-	7,505	6,804
Administration and co-worker costs	951	944	5,970	5,414
Loan interest	-	-	260	278
Group entities				
Administration and co-worker costs	164	154	38	63
Other related parties				
Loan interest	8	11	-	-
Customer accounts interest and other charges	-	2	7	6
Donations	-	-	10	7
	1,123	**1,111**	**13,790**	**12,572**

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
Amounts in £'000	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Parent	-	-	13,436	19,582
Group entities	-	-	-	-
Other related parties	107	138	211	178
Key management personnel	73	-	-	-
Balance sheet value as at 31 December	**180**	**138**	**13,647**	**19,760**

Parent company
The Bank's immediate and ultimate parent undertaking is Triodos Bank N.V., which provides various services to the Bank, including IT systems, technical expertise and management oversight. It also provides an intercompany borrowing facility to fund the Bank's lending in Euros. The Bank employs co-workers who perform work for the parent. All transactions were made on terms equivalent to those that prevail in arm's length transactions.

Group entities
The Bank employed one co-worker who performed work for Triodos Investment Management B.V., a group entity. The Bank was reimbursed in full for these salary costs and associated overhead costs. All transactions are made on terms equivalent to those that prevail in arm's length transactions.

Other related parties
Triodos Foundation is a charity registered in England and Wales (company no. 03128749), all of whose trustees are employees of the Bank. It rents an office floor from the Bank for £1 per annum, which it uses as an event space for local businesses and charities, including the Bank, to hire, and uses income from this to support its charitable activities. Triodos Foundation holds a deposit account with the Bank, the balance of which was £99,000 (2023: £87,000) at the year end. The value of transactions between Triodos Foundation and the Bank during the year was £15,000 (2023: £13,000).

Triodos Investments Limited is a private company registered in England and Wales (company no. 2822816), all of whose directors are employees of the Bank, including CEO Bevis Watts. It holds 100% of the ordinary share capital of Sun Roof Limited and provides a bank guarantee limited to £385,000 over all of the assets and undertakings of Sun Roof Limited present and future. Triodos Investments Limited holds a savings account and a current account with the Bank, the total balance of which was £14,000 (2023: £12,000) at the year end. The value of transactions between Triodos Investments Limited and the Bank during the year was £2,000 (2023: £2,000).

Sun Roof Limited is a private company registered in England and Wales (company no. 07198329), two of whose directors are employees of the Bank. It produces electricity from photovoltaic systems and is a wholly owned subsidiary of Triodos Investments Limited. Sun Roof Limited has a loan with the Bank, the outstanding balance of which was £107,000 (2023: £138,000) at the year end. It also holds a savings account with a balance of £43,000 (2023: £31,000) and a current account with a balance of £53,000 (2023: £48,000). The gross amount of loan repayments made by Sun Roof Limited to the Bank during the year was £40,000 (2023: £41,000).

Transactions with key management personnel
For the purpose of IAS 24 "Related Party Disclosures", key management comprises the directors of the Bank.

Please refer to Note 5 for information on directors' remuneration.

At the year end, customer accounts with an aggregate value of £272,000 (2023: £233,000) were attributable to the directors. Additionally, during the financial year, the Bank provided a temporary advance to one director to facilitate the payment of PAYE liabilities to HMRC. This advance was necessary to ensure timely compliance with tax obligations and is not considered a formal loan arrangement.

The amount advanced will be refunded directly to the Bank by HMRC, and as at the reporting date, the outstanding balance of this advance is £73,000 (2023: nil), and management does not anticipate any credit risk associated with its recovery.

25. Off-balance sheet liabilities

Contingent liabilities
These comprise credit-substitute guarantees and non-credit-substitute guarantees where the potential liability is based on the occurrence of specific future events which make the timing of the liability uncertain.

Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks.

Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. For example:

- Obligations to purchase sustainable goods, such as wind turbines; and
- Obligations to decommission equipment or reinstate property (related to project finance provided by the Bank).

Amounts in £'000	31-Dec-24	31-Dec-23
Credit substitute guarantees	1,485	1,501
Non-credit substitute guarantees	929	1,026
	2,414	**2,527**

Irrevocable facilities
These are irrevocable offers, which may lead to a loan.

Amounts in £'000	31-Dec-24	31-Dec-23
Undrawn debit limits on current accounts	7,715	11,908
Accepted loans not yet paid out	82,816	75,226
	90,531	**87,134**

26. Financial risk management

This Note presents information about the Bank's exposure to financial risks and management of capital. For information on the Bank's definition of default, see the Bank's Default, Forbearance and Provisioning Policy. For information on the Bank's financial risk management framework, see Principal Risks and Uncertainties in the Strategic Report.

Financial risk is an umbrella term for multiple types of risk associated with financing the balance sheet. To manage this, financial risk is subdivided in four categories: credit risk, liquidity risk, market risk and capital risk.

a. Credit risk
For the definition of credit risk and information on how credit risk is mitigated by the Bank, see Principal Risks and Uncertainties in the Strategic Report. For the definitions of Stage 1, Stage 2 and Stage 3, and how loans are allocated to each stage, see Impairment of financial assets accounting policy.

i. Credit quality analysis
The following tables set out information about the credit quality of financial assets, loan commitments and guarantee contracts. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Amounts in £'000	31-Dec-24			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to credit institutions				
AA	46	-	-	46
A	10,638	-	-	10,638
BBB	-	-	-	-
Gross amount	**10,684**	**-**	**-**	**10,684**
Allowance for expected credit losses	-	-	-	-
Carrying amount	**10,684**	**-**	**-**	**10,684**
Loans and advances to customers				
Rating 1-9: Normal risk	962,143	74,462	-	1,036,605
Rating 10-13: Increased risk	-	23,503	-	23,503
Rating 14: Default	-	-	34,432	34,432
Not rated	-	-	-	-
Gross amount	**962,143**	**97,965**	**34,432**	**1,094,540**
Allowance for expected credit losses	(671)	(638)	(4,818)	(6,127)
Carrying amount	**961,472**	**97,327**	**29,614**	**1,088,413**

	31-Dec-24			
Amounts in £'000	Stage 1	Stage 2	Stage 3	Total
Debt securities				
AAA	355,033	-	-	355,033
AA	187,316	-	-	187,316
A	9,323	-	-	9,323
Gross amount	**551,672**	**-**	**-**	**551,672**
Allowance for expected credit losses	(3)	-	-	(3)
Carrying amount	**551,669**	**-**	**-**	**551,669**
Loan commitments				
Gross amount	82,907	7,624	-	90,531
Loss allowance	(52)	(49)	-	(101)
Carrying amount (provision)	**(52)**	**(49)**	**-**	**(101)**
Financial guarantee contracts				
Gross amount	2,414	-	-	2,414
Loss allowance	(2)	-	-	(2)
Carrying amount (provision)	**(2)**	**-**	**-**	**(2)**

Amounts in £'000	31-Dec-23			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to credit institutions				
AA	6,154	-	-	6,154
A	25,422	-	-	25,422
BBB	-	-	-	-
Gross amount	**31,576**	**-**	**-**	**31,576**
Allowance for expected credit losses	(1)	-	-	(1)
Carrying amount	**31,575**	**-**	**-**	**31,575**
Loans and advances to customers				
Rating 1-9: Normal risk	915,284	96,944	-	1,012,228
Rating 10-13: Increased risk	-	29,391	-	29,391
Rating 14: Default	-	-	68,241	68,241
Not rated	7,901	3,333	-	11,234
Gross amount	**923,185**	**129,668**	**68,241**	**1,121,094**
Allowance for expected credit losses	(755)	(198)	(8,764)	(9,717)
Carrying amount	**922,430**	**129,470**	**59,477**	**1,111,377**

	31-Dec-23			
Amounts in £'000	Stage 1	Stage 2	Stage 3	Total
Debt securities				
AAA	216,256	-	-	216,256
AA	231,076	-	-	231,076
A	9,360	-	-	9,360
Gross amount	**456,692**	**-**	**-**	**456,692**
Loss allowance	(3)	-	-	(3)
Carrying amount	**456,689**	**-**	**-**	**456,689**
Loan commitments				
Gross amount	77,279	9,855	-	87,134
Loss allowance	(56)	(15)	-	(71)
Carrying amount (provision)	**(56)**	**(15)**	**-**	**(71)**
Financial guarantee contracts				
Gross amount	2,527	-	-	2,527
Loss allowance	(5)	-	-	(5)
Carrying amount (provision)	**(5)**	**-**	**-**	**(5)**

The following table sets out information about the overdue status of loans and advances to corporate and retail customers in Stages 1, 2 and 3.

	31-Dec-24				31-Dec-23			
Amounts in £'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers								
Current	960,446	86,836	25,997	1,073,279	922,800	125,650	48,907	1,097,357
Overdue < 90 days	1,697	11,129	1,719	14,545	385	4,018	3,103	7,506
Overdue > 90 days	-	-	6,716	6,716	-	-	16,231	16,231
Gross amount	**962,143**	**97,965**	**34,432**	**1,094,540**	**923,185**	**129,668**	**68,241**	**1,121,094**
Allowance for expected credit losses	(671)	(638)	(4,818)	(6,127)	(755)	(198)	(8,764)	(9,717)
Carrying amount	**961,472**	**97,327**	**29,614**	**1,088,413**	**922,430**	**129,470**	**59,477**	**1,111,377**

ii. Collateral held and other credit enhancements

Loans and advances to corporate customers

Loans and advances to corporate customers account for all of the gross carrying amount of loans and advances to customers (2023: £1,120.9 million of £1,121.1 million) which has increased since prior year because the Bank removed its overdraft product on its personal current account during 2024.

The Bank holds collateral against its credit exposures arising from loans and advances to corporate customers.

95.3% (2023: 93.7%) of exposures by value are subject to collateral requirements, with the principal types of collateral held being real estate or floating charges over corporate assets. The general creditworthiness of a customer is the most relevant indicator of credit quality of a loan extended to it.

However, collateral provides additional security, and the Bank generally requests that borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Revaluation of collateral is considered for all loans at a minimum each year, and revaluation of loans greater than €3m (£2.5m) is performed at a minimum every three years, as required by regulation for capital relief purposes. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. For credit-impaired loans, the Bank obtains appraisals of collateral because it provides input into determining the management credit risk actions.

Where we have extended loans under the Coronavirus Business Interruption Lending Scheme (CBILS) or the Recovery Loans Scheme (RLS), we receive a guarantee of between 70% to 80% of that exposure from HM Government. These were the only government backed coronavirus schemes that we partook in.

At 31 December 2024 the net carrying amount of credit-impaired loans and advances to corporate customers amounted to £29.6 million (2023: £59.5 million) and the value of identifiable collateral (mainly real estate) held against those loans and advances amounted to £29.2 million (2023: £56.3 million). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against. Collateral values are net of "haircuts" compared to collateral valuations,to represent values that could be realised in liquidation.

Assets obtained by taking possession of collateral
The Bank has not taken into possession any collateral during the year (2023: none), nor is it holding any at the year-end (2023: none).

iii. Allowance for expected credit losses
The following tables show reconciliations from the opening to the closing balance of the allowance for expected credit losses by class of financial instrument.

Amounts in £'000	Stage 1
Loans and advances to credit institutions	
Balance at 1 January 2023	1
Net remeasurement of loss allowance	-
New financial assets originated or purchased	1
Financial assets that have been derecognised	(1)
Balance at 31 December 2023	**1**
Net remeasurement of loss allowance	-
New financial assets originated or purchased	-
Financial assets that have been derecognised	(1)
Balance at 31 December 2024	**-**

Amounts in £'000	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Balance at 1 January 2023	826	1,335	8,342	10,503
Transfer to Stage 1	89	-	(89)	-
Transfer to Stage 2	(2)	48	(46)	-
Transfer to Stage 3	-	196	(196)	-
Net remeasurement of loss allowance	(220)	(1,333)	13,290	11,737
New financial assets originated or purchased	69	28	13	110
Financial assets derecognised	(7)	(76)	(242)	(325)
Write-offs	-	-	(12,308)	(12,308)
Balance at 31 December 2023	**755**	**198**	**8,764**	**9,717**
Transfer to Stage 1	132	-	(132)	-
Transfer to Stage 2	(59)	371	(312)	-
Transfer to Stage 3	(1)	(3)	4	-
Net remeasurement of allowance for expected credit losses	(238)	78	4,275	4,115
New financial assets originated or purchased	175	10	-	185
Financial assets that have been derecognised	(93)	(16)	(552)	(661)
Write-offs	-	-	(7,229)	(7,229)
Balance at 31 December 2024	**671**	**638**	**4,818**	**6,127**

Amounts in £'000	Stage 1
Debt securities	
Balance at 1 January 2023	3
Net remeasurement of loss allowance	-
New financial assets originated or purchased	-
Financial assets that have been derecognised	-
Balance at 31 December 2023	**3**
Net remeasurement of loss allowance	-
New financial assets originated or purchased	-
Financial assets that have been derecognised	-
Balance at 31 December 2024	**3**

Amounts in £'000	Stage 1	Stage 2	Total
Loan commitments			
Balance at 1 January 2023	85	135	220
Net remeasurement of loss allowance	(29)	(120)	(149)
New financial assets originated or purchased	-	-	-
Financial assets that have been derecognised	-	-	-
Balance at 31 December 2023	**56**	**15**	**71**
Net remeasurement of loss allowance	(4)	34	30
New financial assets originated or purchased	-	-	-
Financial assets that have been derecognised	-	-	-
Balance at 31 December 2024	**52**	**49**	**101**

Amounts in £'000	Stage 1
Financial guarantee contracts	
Balance at 1 January 2023	8
Net remeasurement of loss allowance	(3)
New financial assets originated or purchased	-
Financial assets that have been derecognised	-
Balance at 31 December 2023	**5**
Net remeasurement of loss allowance	**(3)**
New financial assets originated or purchased	**-**
Financial assets that have been derecognised	**-**
Balance at 31 December 2024	**2**

The following table reconciles between:

- Amounts shown in the tables above reconciling opening and closing balances of loss allowance per class of financial instrument; and
- The 'impairment loss on financial instruments' line item in the statement of comprehensive income.

	2024				
Amounts in £'000	Stage 1	Stage 2	Stage 3	Write Offs	Total
Loans and advances to credit institutions	(1)	-	-	-	(1)
Loans and advances to customers	(84)	440	(3,946)	7,229	3,639
Debt securities	-	-	-	-	-
Loan commitments	(4)	34	-	-	30
Financial guarantee contracts	(3)	-	-	-	(3)
Total	**(92)**	**474**	**(3,946)**	**7,229**	**3,665**

Amounts in £'000	2023 Stage 1	Stage 2	Stage 3	Write Offs	Total
Loans and advances to credit institutions	-	-	-	-	-
Loans and advances to customers	(72)	(1,137)	422	12,308	11,521
Debt securities	-	-	-	-	-
Loan commitments	(29)	(121)	-	-	(150)
Financial guarantee contracts	(3)	-	-	-	(3)
Total	**(104)**	**(1,258)**	**422**	**12,308**	**11,368**

Credit impaired financial assets
The following table shows the development in the net carrying amount of credit- impaired loans and advances to customers, net of expected credit losses.

Amounts in £'000	
Credit impaired loans and advances to customers at 1 January 2023	**63,046**
Additions	35,755
Write-offs	(12,308)
Releases	(27,016)
Credit impaired loans and advances to customers at 31 December 2023	**59,477**
Additions	7,479
Write-offs	(7,229)
Releases	(30,113)
Credit impaired loans and advances to customers at 31 December 2024	**29,614**

The write offs in 2023 and 2024 were partial write offs in accordance with IFRS 9 where the Bank is enforcing the collateral on the loans and expects to recover only a portion of the financial assets from the collateral. There are no reasonable prospects of recovering any further cash flows from the financial assets and therefore a partial write off was processed. The loans written off in the year continue to be subject to enforcement activity.

b. Liquidity risk
For the definition of liquidity risk and information on how liquidity risk is managed by the Bank, see the principal risks section in the Strategic Report.

i. Maturity analysis for financial assets and financial liabilities
The following tables set out the earliest possible contractual maturities of the Bank's undiscounted cash flows for financial liabilities and financial assets.

31 December 2024 Amounts in £'000	Note	On demand	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total Nominal Amount
Financial assets							
Cash and cash equivalents	9	298,593	-	-	-	-	298,593
Loans and advances to credit institutions	10	10,684	-	-	-	-	10,684
Loans and advances to customers	11	16,645	21,108	67,747	275,172	721,560	1,102,232
Debt securities	12	-	20,226	126,599	364,192	45,719	556,736
		325,922	**41,334**	**194,346**	**639,364**	**767,279**	**1,968,245**
Financial liabilities							
Deposits from credit institutions	18	2,742	292	1,058	4,359	4,292	12,743
Customer accounts	19	1,500,052	137,921	74,375	23,654	-	1,736,002
Debt issued	20	-	-	41	-	5,695	5,736
Lease liabilities	15	-	29	26	136	881	1,072
		1,502,794	**138,242**	**75,500**	**28,149**	**10,868**	**1,755,553**

31 December 2024 Amounts in £'000	Note	On demand	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total Nominal Amount
Off balance sheet liabilities							
Contingent liabilities	25	1,485	929	-	-	-	2,414
Irrevocable facilities	25	87,134	-	-	-	-	87,134
		88,619	**929**	**-**	**-**	**-**	**89,548**
Net (outflow)/inflow		**(1,265,491)**	**(97,837)**	**118,846**	**611,215**	**756,411**	**123,144**

As at the reporting date, the maturity of the tier 2 bond issued (note 20) has been classified as beyond 5 years, reflecting its contractual maturity in 2030. However, the directors are currently assessing the option to repay the bond in full in 2025 under the terms of the call option.

If the call option is exercised, the Bank will provide bondholders with the required notice in accordance with the bond's terms and will be repaid in 2025.

31 December 2023 Amounts in £'000	Note	On demand	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total Nominal Amount
Financial assets							
Cash and cash equivalents	9	282,378	-	-	-	-	282,378
Loans and advances to credit institutions	10	30,476	1,099	-	-	-	31,575
Loans and advances to customers	11	32,982	28,356	71,941	279,235	716,336	1,128,850
Debt securities	12	-	65,034	30,069	309,417	53,553	458,073
		345,836	**94,489**	**102,010**	**588,652**	**769,889**	**1,900,876**

31 December 2023 Amounts in £'000	Note	On demand	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total Nominal Amount
Financial liabilities							
Deposits from credit institutions	18	5,708	787	1,259	4,905	5,349	18,008
Customer accounts	19	1,375,191	213,144	38,593	37,123	-	1,664,051
Debt issued	20	-	-	41	-	5,695	5,736
Lease liabilities	15	-	41	125	155	915	1,236
		1,380,899	**213,972**	**40,018**	**42,183**	**11,959**	**1,689,031**
Off balance sheet liabilities							
Contingent liabilities	25	1,214	1,313	-	-	-	2,527
Irrevocable facilities	25	87,134	-	-	-	-	87,134
		88,348	**1,313**	**-**	**-**	**-**	**89,661**
Net (outflow)/inflow		**(1,123,411)**	**(120,796)**	**61,992**	**546,469**	**757,930**	**122,184**

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Contingent liabilities and irrevocable facilities	Contractual maturity date of the off-balance sheet facility. Contingent liabilities relate to credit and non-credit substitute guarantees. Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks. Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. Many of these guarantees are expected to expire without being drawn on and therefore do not necessarily represent future cash outflows. Irrevocable facilities mainly constitute accepted loans not yet paid out. Many of these facilities are for a fixed duration and bear interest at a floating rate.
All other financial assets and financial liabilities	Undiscounted cash flows, which include estimated interest payments

The Bank's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- Demand deposits from customers are expected to remain stable or increase; and
- Unrecognised loan commitments are not all expected to be drawn down immediately.

ii. Liquid asset buffer
As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents and loans to credit institutions with original maturity less than 90 days. The Bank also holds unencumbered debt securities, which can be readily sold to meet liquidity requirements and are also eligible for use as collateral within the Bank of England Sterling Monetary Framework.

These amounts together are referred to as the "liquid asset buffer". The following table sets out the carrying amounts of the components of the Bank's liquid asset buffer at 31 December:

Amounts in £'000	31-Dec-24	31-Dec-23
Cash and cash equivalents	298,593	282,378
Loans and advances to credit institutions	10,684	31,575
Unencumbered debt securities issued by UK government	127,206	171,574
Unencumbered debt securities issued by others	424,466	285,118
Total liquidity reserves as at 31 December	**860,949**	**770,645**

iii. Financial assets pledged as collateral
The Bank has no assets pledged as collateral.

c. Market risk
For the definition of Market Risk and information on how market risk is managed by the Bank, see the principal risks section in the Strategic Report.

i. Exposure to interest rate risk
The following table analyses the Bank's interest rate exposure on financial assets and liabilities. Assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

31 December 2024 Amounts in £'000	Note	Carrying amount	Overnight to 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Cash and cash equivalents	9	298,593	298,593	-	-	-
Loans and advances to credit institutions	10	10,684	10,684	-	-	-
Loans and advances to customers	11	1,088,413	602,963	20,993	323,538	140,919
Debt securities	12	551,669	20,180	125,098	357,843	48,548
		1,949,359	**932,420**	**146,091**	**681,381**	**189,467**
Deposits from credit institutions	18	12,743	3,034	1,058	4,359	4,292
Customer accounts	19	1,736,002	1,637,973	74,375	23,654	-
Debt issued	20	5,736	-	5,736	-	-
		1,754,481	**1,641,007**	**81,169**	**28,013**	**4,292**
Net assets/(liabilities)		**194,878**	**(708,587)**	**64,922**	**653,368**	**185,175**

31 December 2023 Amounts in £'000	Note	Carrying amount	Overnight to 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Cash and cash equivalents	9	282,378	282,378	-	-	-
Loans and advances to credit institutions	10	31,575	31,575	-	-	-
Loans and advances to customers	11	1,111,377	622,219	18,436	293,760	176,962
Debt securities	12	456,689	64,980	29,926	304,692	57,091
		1,882,019	**1,001,152**	**48,362**	**598,452**	**234,053**
Deposits from credit institutions	18	18,008	6,495	1,259	4,905	5,349
Customer accounts	19	1,664,051	1,588,328	38,597	37,126	-
Debt issued	20	5,736	-	41	5,695	-
		1,687,795	**1,594,823**	**39,897**	**47,726**	**5,349**
Net assets/(liabilities)		**194,224**	**(593,671)**	**8,465**	**550,726**	**228,704**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a quarterly basis include a 200 basis point (bp) parallel fall or rise in all yield curves worldwide.

The following is an analysis of the Bank's sensitivity to an increase or decrease in market interest rates, using parallel shocks to the yield curve. Floors based on regulatory requirements and expert judgement are applied to the market rates, and the maturity of customer accounts is based on expected customer behaviour rather than contractual terms.

	2024		2023	
	200bp parallel increase	200bp parallel decrease	200bp parallel increase	200bp parallel decrease
Sensitivity of projected net interest income				
At end of period or end of year	5.7%	-5.9%	5.3%	-5.3%
Average for the year	5.4%	-5.4%	5.7%	-5.6%
Maximum for the year	5.8%	-5.0%	6.9%	-3.9%
Minimum for the year	5.0%	-5.9%	3.9%	-6.9%
Sensitivity of reported equity to interest rate movements				
At end of period or end of year	1.6%	-3.3%	3.4%	-3.2%
Average for the year	1.1%	-2.9%	2.8%	-2.6%
Maximum for the year	1.6%	-2.4%	3.5%	-1.2%
Minimum for the year	0.7%	-3.3%	1.6%	-3.3%

Interest rate movements affect reported equity due to the impact of increases or decreases in net interest income reported in profit or loss on retained earnings.

ii. Exposure to currency risks
Total foreign exchange exposures are managed to remain well below 2% of actual own funds. As at the reporting date, there were no significant foreign currency exposures.

d. Capital risk
The Bank's policy is to maintain adequate capital as to maintain shareholder, credit and market confidence and to sustain the future development of the business. the Bank has complied with all externally imposed capital requirements throughout the period.

As at 31 December 2024, Common Equity Tier 1 capital stood at £193.3m (2023: £192.6m) and total capital stood at £199.0m (2023: £198.2m), both significantly in excess of the minimum required by the Prudential Regulatory Authority.

Amounts in £'000 unless otherwise stated	31-Dec-24	31-Dec-23
Tier 1		
Share capital	172,000	172,000
Reserves:		
Retained earnings	22,630	21,296
Common Equity Tier 1 (CET1) capital before adjustments	**194,630**	**193,296**
Adjustments:		
Intangible assets	(1,371)	(752)
CET 1 and Total Tier 1 capital resources	**193,258**	**192,544**
Tier 2		
Directly issued capital instruments	5,695	5,695
Total capital	**198,953**	**198,239**

27. Fair value of financial instruments

A. Valuation models
The Bank holds all assets and liabilities at amortised cost. It therefore does not hold any assets or liabilities at fair value.

For disclosure purposes, the Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Bank determines the fair value of its financial instruments using the following bases:

- The fair value of listed debt securities is the market value.
- The fair value of loans and advances to credit institutions, lease liabilities, deposits from banks, deposits from customers and debt issued has been determined by calculating the net present value of expected interest and redemption cashflows, taking into account market interest rates as at the end of the year.
- The fair value of loans and advances to customers has been determined by calculating the net present value of the interest and redemption cashflows, taking into account expected prepayment behaviour. The net present value is calculated by using market data, i.e., zero coupon rates, as at the end of the year, which are adjusted with a spread specific to the Bank. The spread is based on the expected margin the Bank expects to make over the market base rates in the coming years on new loans and advances to customers. Some loans and advances to customers include floors on the interest rates.
- The fair value of the other assets and liabilities is assumed to be equal to the balance sheet value.

B. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2024 Amounts in £'000	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Loans and advances to credit institutions	-	-	10,684	10,684	10,684
Loans and advances to customers	-	-	1,069,502	1,069,502	1,088,413
Debt securities	539,292	-	-	539,292	551,669
Liabilities					
Deposits from credit institutions	-	-	12,198	12,198	12,743
Customer accounts	-	-	1,607,378	1,607,378	1,736,002
Debt issued	-	-	5,502	5,502	5,736

31 December 2023 Amounts in £'000	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Loans and advances to credit institutions	-	-	31,575	31,575	31,575
Loans and advances to customers	-	-	1,099,981	1,099,981	1,111,377
Debt securities	447,672	-	-	447,672	456,689
Liabilities					
Deposits from credit institutions	-	-	17,112	17,112	18,008
Customer accounts	-	-	1,571,845	1,571,845	1,664,051
Debt issued	-	-	4,908	4,908	5,736

The fair value of cash and cash equivalents is equal to the total carrying amount as these are on demand balances and therefore not included in the table above.

28. Related undertaking

Triodos Nominees Limited is a private company registered in England and Wales (company no. 06059752) with its registered office at Triodos Bank, Deanery Road, Bristol, BS1 5AS, both of whose directors are employees of Triodos Bank UK, including CEO Bevis Watts. The company has no assets and liabilities and its sole purpose is to segregate client's assets from those of the Bank so they are protected in the unlikely event of insolvency. This is in accordance with the FCA's Clients Assets Sourcebook (CASS) requirements. The full 100% shareholding of 1 ordinary share (£1 nominal value) was transferred from Triodos Investments Limited to Triodos Bank UK Limited in 2020 to establish a more appropriate legal structure for the protection of the clients' assets. Its financial statements are prepared in accordance with the micro-entity provisions.

29. Ultimate controlling party

The Bank's immediate and ultimate parent undertaking is Triodos Bank N.V., registered in the Netherlands. The smallest and largest group for which consolidated financial statements are prepared is Triodos Bank N.V.. The consolidated financial statements of the ultimate parent company can be obtained from Triodos Bank N.V., Hoofdstraat 10, Driebergen-Rijsenburg, PO Box 55, 3700 AB Zeist, Netherlands, or from www.triodos.com.

Triodos Bank N.V. is the Bank's ultimate controlling party.

30. Post balance sheet events

The Directors have considered events that have occurred between 31 December 2024 and the date of approval of these financial statements. The Directors recommend a final dividend of 3.2 pence per share (2023: 0.81 pence per share) as disclosed in the Directors' Report.

The directors do not consider that any other events that have occurred since 31 December 2024 require a change to or additional disclosure in the financial statements.

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Independent Auditors' Report

149 Independent auditors' report to the members of Triodos Bank UK Limited

Independent auditors' report to the members of Triodos Bank UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Triodos Bank UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2024; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; the significant accounting policies; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 7 of the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview
Audit scope
- The Company is based in the United Kingdom, and is a Bank which does not have any branches or service centres. The Company has a subsidiary, Triodos Nominees Limited, and has taken an exemption under section 401 of Companies Act 2006 from preparing consolidated accounts. The company relies upon certain key group functions at Triodos Bank N.V., including Information Technology General Controls and the calculation of certain aspects of loan loss

impairment. We therefore audited the company as a standalone entity, while instructing and overseeing work performed by PricewaterhouseCoopers Accountants N.V. on our behalf in these areas.

Key audit matters
- Stage 3 Expected Credit Loss Collateral Valuation

Materiality
- Overall materiality: £2,001,874 (2023: £1,932,000) based on 1% of Total equity (CET1 in 2023).
- Performance materiality: £1,501,405 (2023: £1,449,000).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Stage 3 Expected Credit Loss Collateral Valuation Determining expected credit loss ('ECL') involves management judgement and is subject to a high degree of estimation uncertainty. Management makes various assumptions when estimating ECL. The significant assumptions that we focused on in our audit included those with greater levels of management judgement and for which changes in would have the most significant impact on ECL. A Stage 3 ECL allowance is recognised for accounts which are credit impaired and an impairment loss allowance equal to a lifetime ECL is recorded. With respect to Stage 3 an assessment is performed on a loan-by-loan basis. The company determines the Stage 3 loan impairment allowance by taking into account expected future cash flows, including value and recoverability of the corresponding collateral as well as the timing and the cost of realising this collateral. The risk of material misstatement is heightened as there is increased uncertainty associated with estimating the likelihood and timing of future events through the use of management assumptions and judgements. We particularly focused on the judgements and assumptions used in determining the valuation of collateral on certain stage 3 accounts. This is therefore considered to be a key audit matter in our audit. Relevant references in the Annual Report: Note 26 - Financial risk management. Accounting policies, Critical judgements and estimates, Valuation of Collateral, page 98.	Our audit procedures included understanding and evaluating the control environment. We assessed the design and implementation of the credit impairment process and related controls. In respect of the allowance for those loans in Stage 3, we have performed the following audit procedures to support our conclusions: • For a sample of loans, we involved our property valuation expert to evaluate the reasonableness of the assumptions and methodology used in these external valuation reports to support the valuation of the collateral. In addition, we performed an assessment of the independence, competence and objectivity of management's experts and assessed the collateral valuations included within these external valuation reports. • We considered specific scenarios for each sampled loan (including cure, voluntary sale of collateral and forced sale of collateral) and the weighting assigned to each scenario, to assess whether the judgements applied in the calculation of the ECL were appropriate. We also evaluated the reasonableness of cost associated with the realisation of the collateral. With respect to the disclosures relevant to IFRS 9 'Financial Instruments', we have assessed the adequacy of the disclosures, including those on estimation uncertainty and judgements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We considered reliance on the company's parent, Triodos Bank N.V., including for IT support services and IFRS 9 loan loss modelling for accounts within stage 1 and stage 2. As a result, we instructed PricewaterhouseCoopers Accountants N.V. to complete certain aspects of work in these areas on our behalf which we oversaw.

The impact of climate risk on our audit
As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the financial statements and support the disclosures made within the Strategic Report and the Directors' Report.

We challenged the completeness and consistency of management's climate risk assessment through review of management's climate risk disclosure alongside Board approved climate related plans and board minutes. This included assessing whether the time horizons management have used to take account of all relevant aspects of climate change such as transition risks, and the entity's website for details of climate related impacts.

In November 2021, the company published its Net Zero Strategy with a target date of 2035. This year the Directors have revisited this ambition due to several industry developments. This has included an increased focus on reducing emissions to achieve Net Zero, and the extent to which it is considered appropriate to use neutralising techniques to offset remaining emissions. This does not directly impact financial reporting.

We also considered the consistency of the Annual Report disclosures in relation to climate change (including around greenhouse gas emissions, energy consumption and energy efficiency) with the financial statements and the knowledge obtained from our audit.

Our procedures did not identify any material impacts in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 December 2024.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£2,001,874 (2023: £1,932,000).
How we determined it	1% of Total equity (CET1 in 2023)
Rationale for benchmark applied	We consider that Total Equity is the most appropriate benchmark to use for the company, as a wholly owned subsidiary of a group, and whose strategy is not solely one of profit maximisation. We have changed this from the metric used in the prior year which was CET1. We consider Total Equity to be a more appropriate benchmark as this is a primary financial statements based number.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of

transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £1,501,405 (2023: £1,449,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £200,155 (2023: £193,200) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's going concern assessment;
- Evaluation of the company's forecast financial performance, liquidity, capital and profitability adopted in the base and stressed scenarios over the going concern period including an evaluation of the impact of the macro-economic events on the financial outlook of the company;
- Evaluation of management's reliance on Triodos Bank N.V., who provide operational support to the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material

inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report
As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant Financial Conduct Authority ('FCA') and Prudential Regulation Authority ('PRA') regulations, the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for journal entries being recorded in order to manipulate financial performance, and applying management bias in the determination of accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance, including review of meeting minutes in so far as they relate to the financial statements, and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of correspondence with the regulators, including the FCA and PRA;
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to loan loss impairment; and
- Assessing journal entries by applying a risk-based criteria to identify those which may be fraudulent.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 7 December 2018 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 December 2019 to 31 December 2024.

Stafford Moran (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
31 March 2025

Sustainable banking

means using money with conscious thought about its environmental, cultural and social impact, with the support of savers and investors who want to make a difference.
It means meeting present day needs without compromising those of future generations.

Triodos Bank